

ALASKA LEGISLATURE

2422

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002

PUBLIC ASSISTANCE AND SOCIAL SERVICES

Needy Alaskans who qualify for public assistance receive cash and food stamps and other social services from the state. A portion of the public assistance expenditures can be attributed to alcohol and other drug abuse. As noted earlier in the report, alcohol and other drug dependence can result in reduced income, trouble finding and holding a job, or even a disability, all of which may qualify the individual for public assistance. This chapter looks briefly at the economic costs of alcohol and other drug abuse-related public assistance.

Methodology

To estimate the cost of alcohol and other drug abuse-related public assistance, the research team applied Alaska's portion of the U.S. alcohol and other drug dependent population, 0.47 percent, to the nation's public assistance expenditures related to alcohol and other drug abuse, as published in the 1998 NIDA/NIAAA study. Since public assistance payments are a redistribution of income and not a cost to society, the report only includes the administration costs.

There are two sources of public assistance costs. The first is former Supplemental Security Income (SSI) and Old Age, Survivors, and Disability Insurance (OASDI) recipients. In 1996, P.L. 104-121 amended the Social Security Act to change the definition of disability. As a result, individuals receiving Social Security disability benefits based on alcoholism and/or other drug abuse had their benefits terminated effective January 1, 1997. However, approximately two thirds of these individuals subsequently appealed the termination of their disability benefits and were found to be disabled for other reasons. The second is Alaska Temporary Assistance Program and food stamp program. Note, Aid to Families with Dependent Children program was replaced by the Alaska Temporary Assistance Program on July 1, 1997.

In each category, costs related to alcohol and other drug abuse were estimated based on the actual determination that public benefits given to an individual were attributed to substance abuse. For former SSI and OASDI recipients, 1.7 percent of the cases were related to alcohol and other drug abuse, while 4.1 percent of Alaska Temporary Assistance Program and food stamp cases were related. Compared to Alaska's dependency rates for alcohol and other drug abuse, attribution rates published in the NIDA/NIAAA study are likely a conservative estimate of Alaska's true administration costs from public assistance. However, the lack of Alaska attribution rates for alcohol and other drug abuse-related public assistance necessitates the use of these national attribution rates published in the 1998 NIDA/NIAAA study.

Results

Administration costs from alcohol and other drug abuse-related public assistance was approximately \$4 million in Alaska during 1999. The largest contributor was administration of payments for Alaska Temporary Assistance Program and food stamps at \$3 million, while administrative costs from former OASDI and SSI recipients totaled \$484,000.

EMPLOYMENT AND TAX IMPACTS OF ALCOHOL SALES

Although this report concentrates on quantifying the costs of alcohol and other drug abuse, there are some measurable economic benefits associated with the sale of alcohol. The most obvious benefit is employment. Jobs related to alcohol sales include manufacturing, wholesale trade and retail trade. Alcohol excise tax revenues go into Alaska's unrestricted general-fund budget. Other benefits, including indirect employment impacts from alcohol manufacturing and sales, are more difficult to measure and beyond the scope of this study. Earnings from these jobs help employ other residents who are not directly linked to alcohol industry.

This chapter looks briefly at the direct employment benefits from the alcohol industry and discusses the excise tax collected from the sale of alcohol beverages.

Methodology

To measure the employment and earnings related to manufacturing and sales of alcohol, the research team relied on data published in the 1999 *Employment and Earnings Report* by Alaska Department of Labor and Workforce Development, Research and Analysis Division. Employment and earnings data was collected for the following industries:

- Manufacturing of malt beverages (SIC 2082).
- Wholesale trade for beer, wine, and distilled beverages (SIC 5182).
- Liquor stores (SIC 5921).
- Drinking places (SIC 5813).

Total excise tax revenue collected from the sale of alcohol beverages was published in the *Revenue Source Book, Fall 1999*, by the Alaska Department of Revenue.

Results

Table 21 presents employment and earnings for alcohol related commerce and manufacturing industries in Alaska during 1999. Total employment related to the sale of alcoholic beverages in Alaska was approximately 3,000 jobs with earnings of \$50 million. Drinking establishments accounted for the most employment at approximately 2,000 jobs with \$26 million in payroll.

Total excise tax revenue collected from the sale of alcohol beverages in Alaska was approximately \$12 million during 1999.

Table 21
Employment and Earnings for
Alcohol-Related Industries in Alaska, 1999

Industry	Employment	Earnings (thousands of dollars)
Manufacturing	88	\$2,542
Wholesale trade	300	12,016
Retail trade: Liquor stores	586	9,681
Retail trade: Drinking places	1,983	26,037
Total	2,957	\$50,276

Source: 1999 *Employment and Earnings Report*, Alaska Department of Labor and Workforce Development, Research and Analysis Division.

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CORRECTION

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Rev. 6/98

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- Alaska Advisory Board on Alcoholism and Drug Abuse. *Annual Report, 1999, Finding the Answers to Tough Questions about Substance Abuse in Alaska*. Juneau, AK, 1999.
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Printed at Juneau, Alaska at a cost of \$2.99
First Printing, December 2001

Made possible in part by a grant from the
Alaska Mental Health Trust Authority

distributed by Dept. of Revenue

STATE TAX RATES ON BEER
(January 1, 2002)

	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	\$0.53	Yes	\$0.52/gallon local tax
Alaska	0.35	n.a.	
Arizona	0.16	Yes	
Arkansas	0.23	Yes	under 3.2% - \$0.16/gallon; \$0.008/gallon and 3% off- 10% on-premise tax
<i>California</i>	<i>0.20</i>	<i>Yes</i>	
Colorado	0.08	Yes	
Connecticut	0.19	Yes	
Delaware	0.16	n.a.	
Florida	0.48	Yes	2.67¢/12 ounces on-premise retail tax
Georgia	0.48	Yes	\$0.53/gallon local tax
Hawaii	0.92	Yes	\$0.53/gallon draft beer
Idaho	0.15	Yes	over 4% - \$0.45/gallon
Illinois	0.185	Yes	\$0.16/gallon in Chicago and \$0.06/gallon in Cook County
Indiana	0.12	Yes	
Iowa	0.19	Yes	
Kansas	0.18	--	over 3.2% - {8% off- and 10% on-premise}, under 3.2% - 4.25% sales tax.
Kentucky	0.08	Yes*	9% wholesale tax
Louisiana	0.32	Yes	\$0.048/gallon local tax
Maine	0.35	Yes	additional 5% on-premise tax
Maryland	0.09	Yes	\$0.2333/gallon in Garrett County
Massachusetts	0.11	Yes*	0.57% on private club sales
Michigan	0.20	Yes	
Minnesota	0.15	--	under 3.2% - \$0.077/gallon. 8.5% sales tax
Mississippi	0.43	Yes	
Missouri	0.06	Yes	
Montana	0.14	n.a.	
Nebraska	0.23	Yes	
Nevada	0.09	Yes	
New Hampshire	0.30	n.a.	
New Jersey	0.12	Yes	
New Mexico	0.41	Yes	
New York (1)	0.125	Yes	\$0.12/gallon in New York City
North Carolina	0.53	Yes	\$0.48/gallon bulk beer
North Dakota	0.16	--	7% state sales tax, bulk beer \$0.08/gal.
Ohio	0.18	Yes	
Oklahoma	0.40	Yes	under 3.2% - \$0.36/gallon; \$1.00/case on-premise and 12% on-premise
Oregon	0.08	n.a.	
Pennsylvania	0.08	Yes	
Rhode Island	0.10	Yes	\$0.04/case wholesale tax
South Carolina	0.77	Yes	
South Dakota	0.27	Yes	
Tennessee	0.13	Yes	17% wholesale tax
Texas	0.19	Yes	over 4% - \$0.198/gallon, 14% on-premise and \$0.05/drink on airline sales
Utah	0.35	Yes	over 3.2% - sold through state store
Vermont	0.265	no	6% to 8% alcohol - \$0.55; 10% on-premise sales tax
Virginia	0.26	Yes	
Washington	0.261	Yes	
West Virginia	0.18	Yes	
Wisconsin	0.06	Yes	
Wyoming	0.02	Yes	
Dist. of Columbia	0.09	Yes	8% off- and 9% on-premise sales tax
U.S. Median	\$0.188		

SOURCE: Compiled by FTA from various sources.
 * Sales tax is applied to on-premise sales only.
 (1) Tax rate scheduled to decrease to 11.0 cents per gallon 9/1/03.

STATE TAX RATES ON WINE
(January 1, 2002)

STATE	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	\$1.70	Yes	over 14% - sold through state store
Alaska	0.85	n.a.	
Arizona	0.84	Yes	
Arkansas	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; and 3% off- and 10% on-premise sparkling wine - \$0.30/gallon
California	0.20	Yes	
Colorado	0.32	Yes	
Connecticut	0.60	Yes	over 21% and sparkling wine - \$1.50/gallon
Delaware	0.97	n.a.	
Florida	2.25	Yes	over 17.259% - \$3.00/gallon, sparkling wine \$3.50/gallon 6.67¢/4 ounces on-premise retail tax
Georgia	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax
Hawaii	1.36	Yes	Sparkling wine - \$2.09/gallon and wine coolers - \$0.84/gallon
Idaho	0.45	Yes	
Illinois	0.73	Yes	over 20% - \$4.50/gallon; \$0.15/gallon in Chicago and (\$0.16-\$0.30)/gallon in Cook County
Indiana	0.47	Yes	over 21% - \$2.68/gallon
Iowa	1.75	Yes	under 5% - \$0.19/gallon
Kansas	0.30	no	over 14% - \$0.75/gallon; 8% off- and 10% on-premise
Kentucky	0.50	Yes*	9% wholesale
Louisiana	0.11	Yes	14% to 24% - \$0.23/gallon, over 24% and sparkling wine - \$1.59/gallon
Maine	0.60	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; additional 5% on-premise sales tax
Maryland	0.40	Yes	
Massachusetts	0.55	Yes*	sparkling wine - \$0.70/gallon;
Michigan	0.51	Yes	over 16% - \$0.76/gallon
Minnesota	0.30	--	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; \$0.01/bottle (except miniatures) and 8.5% sales tax
Mississippi	0.35	Yes	over 14% and sparkling wine - sold through the state
Missouri	0.30	Yes	
Montana	1.06	n.a.	over 16% - sold through state stores; 7% surtax
Nebraska	0.75	Yes	over 14% - \$1.35/gallon
Nevada	0.40	Yes	14% to 22% - \$0.75/gallon, over 22% - \$2.05/gallon
New Hampshire	see footnote (1)	n.a.	
New Jersey	0.70	Yes	
New Mexico	1.70	Yes	over 14% - \$6.06/gallon
New York	0.19	Yes	
North Carolina	0.79	Yes	over 17% - \$0.91/gallon
North Dakota	0.50	--	over 17% - \$0.60/gallon, Sparkling wine - \$1.00/gallon; 7% state sales tax
Ohio	0.30	Yes	over 14% - \$0.98/gallon, vermouth - \$1.08/gallon and sparkling wine - \$1.48/gallon
Oklahoma	0.72	Yes	over 14% - \$1.40/gallon, sparkling wine - \$2.08/gallon; \$1.00/bottle on-premise and 12% on-premise
Oregon	0.67	n.a.	over 14% - \$0.77/gallon
Pennsylvania	see footnote (1)	Yes	
Rhode Island	0.60	Yes	sparkling wine - \$0.75/gallon
South Carolina	0.90	Yes	\$0.18/gallon additional tax
South Dakota	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax
Tennessee	1.10	Yes	\$0.15/case and 15% on-premise; under 7% - \$1.10/gallon.
Texas	0.20	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon; 14% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	0.55	Yes	over 16% - sold through state store, 10% on-premise sales tax
Virginia	1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state store
Washington	0.78	Yes	over 14% - \$1.72/gal.; add'l \$0.89 bottled or packaged by manufacturer, \$0.04 all others
West Virginia	1.00	Yes	5% local tax
Wisconsin	0.25	Yes	over 14% - \$0.45/gallon
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	0.30	Yes	8% off- and 9% on-premise sales tax, over 14% - \$0.40/gallon and Sparkling - \$0.45/gallon.
U.S. Median	0.60		

Source: Compiled by FTA from various sources.

* Sales tax is applied to on-premise sales only.

(1) All wine sales are through state stores. Revenue in these states is generated from various taxes, fees and net profits.

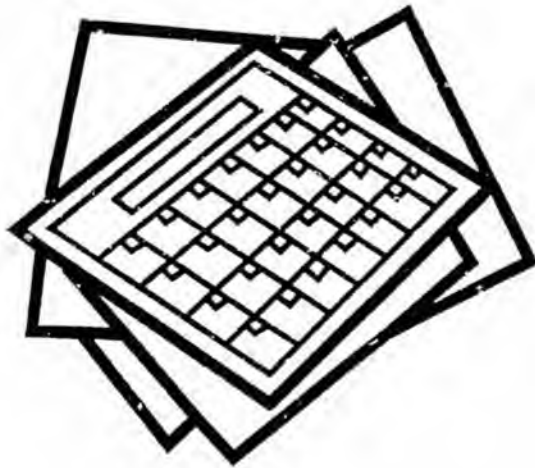
STATE TAX RATES ON DISTILLED SPIRITS
(January 1, 2002)

STATE	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	see footnote (1)	Yes	
Alaska	\$5.60	n.a.	under 21% - \$0.85/gallon
Arizona	3.00	Yes	
Arkansas	2.50	Yes	under 5% - \$0.50/gallon, under 21% - \$1.00/gallon; \$0.20/case and 3% off- 14% on-premise retail taxes over 50% - \$6.60/gallon
California	3.30	Yes	
Colorado	2.28	Yes	
Connecticut	4.50	Yes	under 7% - \$2.05/gallon +
Delaware	3.75	n.a.	under 25% - \$2.50/gallon
Florida	6.50	Yes	under 17.25% - \$2.25/gallon, over 55.78% - \$9.53/gallon 6.67¢/ounce on-premise retail tax \$0.83/gallon local tax
Georgia	3.79	Yes	
Hawaii	5.92	Yes	
Idaho	see footnote (1)	Yes	
Illinois	4.50	Yes	under 20% - \$0.73/gallon; \$0.50/gallon in Chicago and \$2.00/gallon in Cook County under 15% - \$0.47/gallon
Indiana	2.68	Yes	
Iowa	see footnote (1)	Yes	
Kansas	2.50	no	8% off- and 10% on-premise retail tax
Kentucky	1.92	Yes*	under 6% - \$0.25/gallon; \$0.05/case and 9% wholesale tax
Louisiana	2.50	Yes	under 6% - \$0.32/gallon
Maine	see footnote (1)	Yes	
Maryland	1.50	Yes	
Massachusetts	4.05	Yes*	under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales
Michigan	see footnote (1)	Yes	
Minnesota	5.03	--	\$0.01/bottle (except miniatures) and 8.5% sales tax
Mississippi	see footnote (1)	Yes	
Missouri	2.00	Yes	
Montana	see footnote (1)	n.a.	
Nebraska	3.00	Yes	
Nevada	2.05	Yes	under 14% - \$0.40/gallon and under 21% - \$0.75/gallon.
New Hampshire	see footnote (1)	n.a.	
New Jersey	4.40	Yes	
New Mexico	6.06	Yes	
New York	6.44	Yes	under 24% - \$2.54/gallon; \$1.00/gallon New York City
North Carolina	see footnote (1)	Yes*	
North Dakota	2.50	--	7% state sales tax
Ohio	see footnote (1)	Yes	
Oklahoma	5.56	Yes	\$1.00/bottle on-premise and 12% on-premise
Oregon	see footnote (1)	n.a.	
Pennsylvania	see footnote (1)	Yes	
Rhode Island	3.75	Yes	\$5.36/case and 9% surtax
South Carolina	2.72	Yes	
South Dakota	3.93	Yes	under 14% - \$0.93/gallon, 2% wholesale tax
Tennessee	4.00	Yes	\$0.15/case and 15% on-premise; under 7% - \$1.10/gallon. 14% on-premise and \$0.05/drink on airline sales
Texas	2.40	Yes	
Utah	see footnote (1)	Yes	
Vermont	see footnote (1)	no	10% on-premise sales tax
Virginia	see footnote (1)	Yes	
Washington	see footnote (1)	Yes*	
West Virginia	see footnote (1)	Yes	
Wisconsin	3.25	Yes	
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	1.50	Yes	8% off- and 9% on-premise sales tax
U.S. Median	\$3.30		

Source: Compiled by FTA from various sources.

* Sales tax is applied to on-premise sales only.

(1) In 18 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.



Waiting in Line for Treatment

EXECUTIVE SUMMARY

According to a recent survey taken by C&S Management for the Division of Alcoholism and Drug Abuse, Alaskans are waiting in line for much-needed treatment of their substance abuse disorders.

BACKGROUND INFORMATION

Between October 15 and December 1, 2001, C&S Management collected data from treatment programs in eight Alaska communities (Anchorage, Fairbanks, Juneau, Wasilla, Sitka, Dillingham, Bethel, Ketchikan). The purpose of the survey was to determine statistical information about people in those communities who were on the waiting list for treatment for alcoholism or other substance abuse disorders.

C&S Management used a standard instrument called a "waiting list data collection form" to collect detailed information about every person on the waiting list on the October 15, 2001 start date, and every person added to the waiting list between that date and December 1, 2001. Treatment center staff compiled the data using information provided by those on the waiting list. Participation in the survey was voluntary and confidential.

In addition to demographic data (to profile those seeking treatment), the survey collected information about the type of treatment service sought, and type of referral source that sent the person to the treatment provider. Information about whether the person was currently incarcerated, receiving mental health services, or an IV drug user was also requested. If the person on the waiting list was female, data was requested about whether the woman was pregnant or had children, whether the family was the subject of an open

case at the Division of Family and Youth Services, and whether the children were in out-of-home placement.

C&S Management compiled the data. The Department of Health and Social Services analyzed the results. This report provides a highlighted summary of key results.

ALASKANS ARE STANDING IN LINE FOR TREATMENT

The C&S Management survey showed that on any given day, an average of 302 people who wanted treatment for alcoholism or other substance abuse were on a waiting list for services in the communities surveyed. These Alaskans include women with children, men awaiting release from jail for crimes committed "under the influence" of their addictions, and teenagers who may develop into chronic alcoholics if the course of their lives is not altered.

The percentage of people waiting for treatment in a region (as a percentage of the total number of people waiting for treatment) varied across regions over time, but generally more people are on the waiting list for treatment in larger population areas.

Table 1: Percentage of People on the Waiting list, by Region

REGION	DATE			
	Oct 15	Nov 1	Nov 15	Dec 1
Anchorage	46%	38%	34%	34%
Interior	10%	13%	13%	10%
Yukon-Kuskokwim	31%	27%	26%	26%
Southeast	4%	11%	15%	21%
All others	9%	11%	13%	8%

WAITING LISTS UNDERREPRESENT THE TOTAL NEED

The waiting list is a critical indicator of treatment need, but it is only the most visible and measurable portion of people in need of treatment. It is an accepted fact that the waiting list underrepresents the number of people who need and would accept treatment if services were immediately available. Many people who need treatment never recognize or acknowledge the fact. But of those who do recognize that they need treatment, and who seek it out, many are discouraged when they find out that treatment is not immediately available. Too often, they do not sign up for the waiting list.

A second reason the waiting lists underrepresents real need is that it is only possible to establish a waiting list for a substance abuse treatment program that exists. For example, if there is no youth treatment program in a given community, there will be no waiting list for youth treatment in that community. This is true even though there may be any number of youths who need and would enter this type of treatment program if it were offered. If there is no treatment program (or program of a certain type) in a community, there will be no waiting list for that program in that community. This is because the treatment programs themselves establish the waiting lists.

For these reasons, the number of people on the waiting lists is less than the total number of people in these communities who need treatment and would accept it if it were immediately available. The number of people on the waiting list on any given day represents people who:

- Live in (or are willing to travel to) communities where the specific type of treatment they seek is offered, and
- Are so motivated to receive treatment that they are willing to sign up for it even though they know that treatment is not immediately available.

WOMEN AND CHILDREN ARE WAITING FOR CARE

Of those on the treatment waiting list during the study period, 60% were male, and 40% were female. Men linger on the waiting lists slightly longer than women do (an average of 51 days for women, 66 days for men).

Almost 3 out of 4 women on the waiting list have children (see table 2). Since alcoholism and drug abuse affect families as well as individuals, these children are effectively on the waiting list for treatment, too. More than 213 children had mothers on the waiting list during the survey period. Family life is difficult for those awaiting treatment. Almost half of the women waiting for treatment had children in out-of-home placement (foster care or other living situations).

Table 2: Situation of Women on the Waiting List

	DATE				Average
	Oct 15	Nov 1	Nov 15	Dec 1	
Total number of women on list	116	131	133	108	122 women
Women with Children	87	98	100	80	75%
Open DFYS Case	41	51	52	38	37%

Out of Home Placement	55	59	63	53	47%
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The C&S Management survey showed that almost half the women on the waiting list were waiting for specific programs that treat women, or women with children. For mothers, the latter type of service is especially critical. Many must make the difficult choice between keeping their children with them as they go through treatment and breaking up the family. Some mothers forego treatment rather than give up their children, even temporarily.

Women who sign up for a treatment program that serves women and children generally wait longer than those who sign up for services that won't allow their children to stay with them. Such women wait an average of 107 days to enter treatment, while those who sign up for women-only programs wait 46 days.

This data shows that there are Alaskan women with children who know they have a substance abuse problem who are motivated to resolve their problems through treatment, and who wait more than 3 months for that treatment once they sign up to receive it.

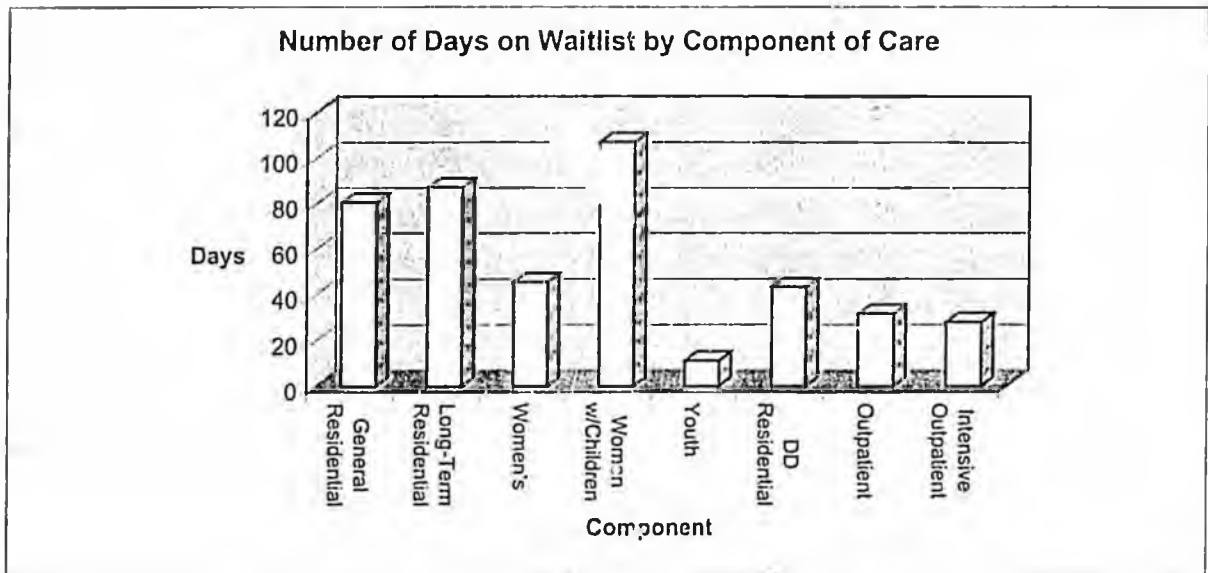
“Because we don't have enough service capacity in programs that treat women with children, some women face a painful choice: to wait months for treatment, or to break up the family.”

– Jay Livey, Commissioner
Department of Health and Social Services

ALASKANS NEED SPECIFIC TYPES OF TREATMENT

The survey sought information about the type of treatment each person on the waiting list needed. On average, 46% of the women were waiting for programs that serve women, or women with children. The rest sought other types of treatment, including residential services, youth programs, or outpatient treatment. By contrast, 34% of the men were seeking long-term co-ed residential treatment, an additional 16% sought outpatient treatment, and the rest sought other types of services.

For each type of service offered, the number of days people tend to linger on the waiting list is different. The chart below depicts these differences. Women who are waiting for treatment in a program that accepts women and children wait the longest (an average of 107 days). People who sign up to receive general or long-term residential care also tend to wait longer than average (81 and 87 days, respectively). Those waiting for women-only programs wait an average of 45 days, and those waiting for dual diagnosis residential care wait an average of 43 days (see chart on following page).



The C&S Management survey showed a need for expanded capacity in programs serving people who have both substance abuse disorders and mental health issues. These “co-occurring disorders” are treated through “dual diagnosis” programs. Of the 302 people typically on the waiting list, an average of 47 (about 1 in 5) acknowledged that they were currently receiving mental health care of some type, including about 1 in 4 women.

An average of 17 people were on the waiting list for dual diagnosis treatment at any one time. Most of these people were adults ages 21-49 years, but an average of 3 people on the waiting list for dual diagnosis treatment were youths under 18 years old. A disproportionate number of people on the waiting list for dual diagnosis treatment are Alaska Natives. People on this waiting list wait an average of 43 days to enter treatment.

This survey data shows that there is particular need for treatment programs for women, women with children, and dual diagnosis treatment services capable of responding to the needs of those who face both substance abuse disorders and mental health issues.

MORE TREATMENT SERVICES ARE NEEDED

Governor Tony Knowles has requested additional treatment funds in the fiscal year 2003 state operating budget. These incremental requests are structured to serve key populations whose need for increased services is evident in this study (particularly women with children, and those dually diagnosed with both substance abuse and mental health

disorders). An additional \$750,000 is requested in the Governor's capital budget for substance abuse treatment facilities for women and children.

For fiscal year 2003, these are the requested increments (in thousands of dollars):

AMOUNT	ITEM REQUESTED
\$1,442.6	Statewide dual diagnosis treatment
\$1,062.0	Outpatient treatment (minimum funding for small communities)
\$471.8	Adult residential treatment
\$470.0	Restore Alcohol Safety Action Programs
\$867.7	Rural substance abuse counselors
\$550.0	Transitional housing for substance abusers (includes \$300,000 from Mental Health Trust Authority receipts)
\$131.0	Enforcement and interdiction
\$718.0	Juvenile alcohol treatment
\$121.1	Juvenile Alcohol Safety Action Programs
\$1,241.0	Treatment for women with children
\$500.0	Treatment for dual diagnosed criminal offenders with children (includes \$28,000 from other funding sources)
\$7,575.20	TOTAL REQUESTS

These increment requests are sensible compared to what is known about the level of need for treatment from studies such as this. For example, the money requested for treatment for women with children will purchase an additional 14 to 20 treatment beds (in two programs serving seven to ten women each). As about 75% of the women on the waiting list have children, this increment request is well-targeted to meet the documented need.

CONCLUSION

At any one time, 302 people are signed up and waiting to receive treatment for alcoholism and substance abuse disorders in Anchorage, Fairbanks, Juneau, Wasilla, Sitka, Dillingham, Bethel and Ketchikan. They generally wait about two months to enter treatment. In the meantime, some drop off the list because their circumstances change, they spiral downward and lose motivation to enter treatment, the program loses contact with them, or for unknown reasons. Opportunities to make critical, constructive changes are lost daily – perpetuating and often increasing the destructive results of addictions.

Improving treatment services by reducing the waiting list can save State general fund dollars, reduce crime rates, prevent fetal alcohol syndrome and alcohol-related birth defects, and reunify families torn apart by the toll of substance abuse.

What are Economic Interventions?

The effective management of alcohol availability is a community problem. The more available alcohol is in the environment, the more likely it is that the community will have a higher alcohol consumption rate—and the increased problems associated with it such as violence, traffic injuries and consumption by minors.



Economic Interventions—increased taxes on alcohol products—is one tool which has proven effective in an environmental approach to preventing alcohol abuse ...particularly among price-sensitive youth!

Reduce the number of underage drinkers who drink frequently by 32%

A beer tax policy that offsets the effects of inflation and raises the tax on beer to equal the tax on distilled spirits would ...

Reduce the number of underage drinkers who drink fairly frequently by 24%

* Alaska Youth Risk Behavior Survey, 1999

* Effects of Alcohol Price Policy on Youth, Journal of Research on Adolescence, 1994

Goals...

The primary goal of economic interventions as a prevention approach is to raise the price of alcohol products through increased taxes and thereby:

Prevent youth from starting to drink

Delay the age at which they might begin

► Decrease the level of consumption by youth



Funded by
Division of Alcoholism and
Drug Abuse, DHSS, State of
Alaska



4111 Minnesota Drive
Anchorage, Alaska 99503
907-565-1200
Economic Interventions
Project
907-565-1242

80.2% of **Alaska's**
high school
students report
using alcohol

Alcohol use is a major contributing factor in homicides, suicides and motor vehicle crashes—the leading causes of death and disability among young people*

46.9% report
using alcohol in
the past 30 days

Heavy drinking is linked to physical fights, destroyed property, job problems, school failure, delinquency, unwanted pregnancies and transmission of sexually transmitted diseases*

34.4% report
binge drinking in
the past 30 days



Small Change Big Difference

THE CASE FOR AN ADJUSTMENT
IN ALASKA'S ALCOHOL EXCISE TAX
BY AT LEAST A DIME A DRINK

PROTECT OUR CHILDREN. RAISE REVENUE



Need More Info?

- Alaska Prevention Partnership: - www.alaskaprevention.org
- Akeela, Inc. - www.akeela.com
- The Center for Science in the Public Interest Booze News - www.cspinet.org
- Join Together Online - www.jointogether.org
- FACE: Truth & Clarity on Alcohol - www.faceproject.org
- National Council on Alcoholism and Drug Dependence www.ncadd.org
- Prevlene: Prevention on Line - www.health.org
- National Institute on Alcohol Abuse and Alcoholism - www.niaaa.nih.gov

State and Local Publications that support an Alcohol Tax Increase to
Reduce Alcohol related Problems/Costs in Alaska

1. Economic Costs of Alcohol and Other Drug Abuse in Alaska (Phase Two), McDowell Group, Research-Based Consulting, November, 2001
2. In Step-The Plan. Comprehensive Integrated Mental Health Plan (for Alaskans), October 2001, pg. 13-17.
3. Final Report of the Alaska Criminal Justice Assessment Commission, May, 2000, Alaska Judicial Council, pg. 54 B.1
4. Underage drinking in Alaska. Needs Assessment, December 2000, C & S Management Associates, Juneau, Alaska, pg.105, "best practices".
5. Final Report of the DUI Prevention Task Force, October 2000, pg. 28-29 (committee report).
6. Results Within our Reach. Alaska State Plan for Alcohol and Drug Abuse Services, 1999-2003, pg. 23 (legal and regulatory initiatives)
7. Alaska Injury Prevention Plan. Alcohol related injuries, State Injury Prevention Coalition, December 1994, pg. 74.
8. Mayor's Community Action Plan on Crime, Alcohol Philosophy Task Force Report, August 1996, pg. 9.
9. Finding the Answers to Tough Questions about Substance Abuse in Alaska, Advisory Board on Alcohol and Drug Abuse, 1999, pg. 18
10. Healthy Alaskans 2000. Charting the Course of Public Health for the Decade. Intentional Injuries, 1994, pg.91.

This list of publications was developed by Joan Diamond, MOA, Department of Health and Human Service, 343-6553. (November, 2001)

STATEWIDE POLITICAL OPINION SURVEY
 IVAN MOORE RESEARCH
 TEL: 278-4600

Hello, my name is _____ and I'm calling for Ivan Moore Research, an Alaska public opinion research firm. We're conducting a public opinion survey that should take just a few minutes. Your opinions are important to us, and we'd appreciate your participation if that's OK with you, and of course your responses will be completely confidential.

S1. Is this a residential telephone?
 IF "YES", CONTINUE...
 IF "NO", TERMINATE...

S2. Are you registered to vote in the State of Alaska?
 IF "YES", CONTINUE...
 IF "NO", ASK FOR OTHER VOTER...

1. What is your registered party affiliation?

REGISTERED PARTY AFFILIATION:		
	Count	%
Democrat	39	14.6%
Republican	63	25.6%
Other party	159	59.7%

2. When it comes to politics, do you consider yourself to be a conservative, a moderate or a progressive?

POLITICAL IDEOLOGY:		
	Count	%
Conservative	112	42.0%
Moderate	109	40.4%
Progressive	47	17.5%

3A. Do you strongly favor, mildly favor, mildly oppose or strongly oppose an increase in the state excise tax on alcohol?

FAVOR OR OPPOSE INCREASE IN STATE EXCISE TAX ON ALCOHOL:		
	Count	%
Strongly Favor	77	28.9%
Mildly Favor	72	25.9%
Neutral	10	3.6%
Mildly Oppose	39	14.7%
Strongly Oppose	56	21.0%
Don't know	13	4.9%

Mean=2.294

	FAVOR OR OPPOSE INCREASE IN STATE EXCISE TAX ON ALCOHOL:				Total
	Favor	Oppose	Neutral	Don't know	Col %
	Col %	Col %	Col %	Col %	
GENDER OF RESPONDENT:					
Male	43.2%	30.6%	46.3%	25.0%	49.3%
Female	34.8%	39.4%	53.7%	74.0%	50.2%
MARITAL STATUS BY GENDER:					
Married males	32.1%	40.4%	46.3%	16.6%	34.8%
Married females	41.2%	23.7%	33.0%	24.5%	34.8%
Single males	13.2%	20.2%		9.2%	15.0%
Single females	13.5%	13.7%	15.8%	49.5%	15.4%
AREAS OF ALASKA:					
Southeast	17.2%	12.8%	7.6%	23.4%	15.7%
Rural Alaska	8.1%	6.3%	25.3%	27.5%	9.0%
MatSu-Kenai-Valdez	16.4%	24.6%	33.0%	18.4%	20.2%
Anchorage	46.5%	38.5%	29.1%	19.4%	41.7%
Fairbanks	11.8%	17.7%		2.3%	13.3%
Total	35.8%	33.7%	3.6%	4.9%	100.0%

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

STATEWIDE POLITICAL OPINION SURVEY

IVAN MOORE RESEARCH

TEL: 278-4600

Hello, my name is _____ and I'm calling for Ivan Moore Research, an Alaska public opinion research firm. We're conducting a public opinion survey that should take just a few minutes. Your opinions are important to us, and we'd appreciate your participation if that's OK with you, and of course your responses will be completely confidential.

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IF "NO", TERMINATE...

S2. Are you registered to vote in the State of Alaska?

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REGISTERED PARTY AFFILIATION:		
	Count	%
Democrat	39	14.6%
Republican	63	25.6%
Other party	159	59.7%

2. When it comes to politics, do you consider yourself to be a conservative, a moderate or a progressive?

POLITICAL IDEOLOGY:		
	Count	%
Conservative	112	42.0%
Moderate	108	40.4%
Progressive	47	17.5%

3A. Do you strongly favor, mildly favor, mildly oppose or strongly oppose an increase in the state excise tax on alcohol?

FAVOR OR OPPOSE INCREASE IN STATE EXCISE TAX ON ALCOHOL:		
	Count	%
Strongly Favor	77	28.9%
Mildly Favor	72	26.9%
Neutral	10	3.6%
Mildly Oppose	39	14.7%
Strongly Oppose	56	21.0%
Don't know	13	4.9%

Mean=2.294

6. GENDER...

	GENDER OF RESPONDENT:	
	Count	%
Male	133	49.8%
Female	134	50.2%

That completes the survey. I have a telephone number for Ivan Moore Research that you can call with any comments, compliments or complaints. Would you like the number? (278-4600)

Thank you very much for your help. Goodbye.

The following variables have been computed from the gathered data:

MARITAL STATUS BY GENDER:

	MARITAL STATUS BY GENDER:	
	Count	%
Married males	93	34.8%
Married females	93	34.2%
Single males	40	15.0%
Single females	41	15.4%

AREAS OF ALASKA:

	AREAS OF ALASKA:	
	Count	%
Southeast	42	15.7%
Rural Alaska	24	9.0%
Mat-su-Kensai-Valces	34	20.2%
Anchorage	111	41.7%
Fairbank	36	13.3%

	FAVOR OR OPPOSE INCREASE IN STATE EXCISE TAX ON ALCOHOL						Total
	Favor		Oppose		Neutral / Don't know		
	Col %	Col %	Col %	Col %	Col %	Col %	
SEX OF RESPONDENT:							
Male	45.22	60.52	45.22	25.02	49.82		
Female	34.52	29.42	55.72	74.02	50.22		
MARITAL STATUS BY GENDER:							
Married males	22.12	40.42	45.32	16.62	24.82		
Married females	41.22	23.72	35.02	24.52	34.82		
Single males	13.22	20.22	13.82	9.22	15.02		
Single females	12.52	12.72	13.82	49.52	15.42		
AREAS OF ALASKA:							
Southeast	17.22	12.92	7.62	22.42	16.22		
Rural Alaska	6.12	5.22	25.22	27.52	9.02		
MatSu-Kenai-Valdez	16.42	24.62	22.22	18.42	20.22		
Anchorage	42.22	38.52	22.12	19.42	41.72		
Fairbanks	11.62	17.72	3.62	3.22	13.22		
Total	55.92	35.72	3.62	4.92	100.02		

	FAVOR OR OPPOSE INCREASE IN STATE EXCISE TAX ON ALCOHOL:				Total
	Favor	Oppose	Neutral	Don't know	Col %
	Row %	Row %	Row %	Row %	
GENDER OF RESPONDENT:					
Male	50.7%	42.4%	3.3%	2.6%	45.8%
Female	50.9%	28.0%	3.8%	7.3%	50.2%
MARITAL STATUS BY GENDER:					
Married males	31.4%	41.4%	4.8%	2.4%	34.8%
Married females	56.2%	26.4%	3.3%	3.5%	34.8%
Single males	48.9%	48.0%		3.0%	15.0%
Single females	48.9%	31.6%	3.7%	15.8%	15.4%
AREAS OF ALASKA:					
Southeast	61.0%	29.0%	1.7%	6.3%	15.7%
Rural Alaska	50.0%	25.0%	10.0%	15.0%	9.0%
MatSu-Kenai-Valdez	45.4%	43.4%	6.7%	4.5%	20.2%
Anchorage	62.2%	33.0%	2.5%	2.3%	41.7%
Fairbanks	48.5%	47.5%		3.0%	13.3%
Total	55.8%	35.7%	3.6%	4.9%	100.0%

For those of you who've not seen this...

The Juneau Empire - October 29, 2001

POLL SHOWS SUPPORT FOR LARGER ALCOHOL TAX

JUNEAU - By a 3 to 1 margin, registered voters in Alaska support an increase in the alcohol tax, according to a poll conducted for the Republican majority in the state House of Representatives by Hellenthal and Associates of Anchorage.

The poll, conducted October 9-17, found 76.8 percent generally in favor of a tax increase, with 23.2 opposed. The margin of error is plus or minus 4.98 percent.

The pollsters first identified alcohol abuse and underage drinking as "serious and costly problems in Alaska," and then said a proposed increase of 10 cents per drink would raise an additional \$33 million for the state "to keep pace with inflation." The tax was last raised in 1983.

More than half of poll respondents, 51.7 percent, said they favored a 25 cents per drink increase in the tax. The numbers increased to 68.6 percent for 10 cents a drink and 71.9 percent for 5 cents a drink.

The House Finance Committee held a hearing in Anchorage on Thursday on the "dime a drink" proposal by Anchorage Rep. Lisa Murkowski, a Republican. Murkowski's bill generated a lot of discussion in the 2000 session, but was blocked by Committee Co-Chairman Bill Williams, a Saxman Republican, after intense industry lobbying campaign.

Murkowski said last week that a hoped-for consensus among liquor industry representatives failed to materialize. Rep. Bill Hudson, a Juneau Republican, said the lobbyists admit privately that some increase in the tax is likely.

Senate Finance Co-Chair Dave Donley, an Anchorage Republican, says he's willing to raise it, although he is opposed to most new taxes that are being proposed for the long-range fiscal plan.

#

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Version: 5.0.286 / Virus Database: 152 - Release Date: 10/9/01

Helenthal

AREAS OF ALASKA AMONG REGISTERED VOTERS
BY
POLITICAL AND GENERAL DEMOGRAPHICS, BEHAVIORS AND PERCEPTIONS

COLUMN PERCENTS

OCTOBER 9TH THROUGH 17TH, 2001
SAMPLE SIZE = 387; MARGIN OF ERROR = ± OR = 4.95%

	AREAS OF ALASKA:					TOTAL OCL %
	South- east	Valdez- Kenai- MatSu	Anchor- age	Fair- banks Arco	Rural Alaska	
SUPPORT A LONG RANGE FISCAL PLAN FOR THE STATE?						
Extremely likely.....	21.5%	15.3%	20.3%	18.8%	31.1%	21.0%
Very likely.....	24.3%	20.3%	22.4%	28.8%	18.3%	22.5%
Somewhat likely.....	31.4%	26.9%	33.6%	27.7%	32.3%	31.2%
Not very likely.....	13.9%	13.3%	6.5%	3.1%	2.2%	7.6%
Not at all likely.....	9.0%	20.6%	11.6%	18.5%	11.0%	13.6%
Don't know.....		3.5%	5.5%	3.1%	5.1%	4.1%
INCREASE IN THE ALCOHOL TAX:						
Favor.....	75.1%	69.3%	75.6%	87.3%	81.5%	76.8%
Oppose.....	24.9%	30.7%	24.4%	12.7%	18.5%	23.2%
SUPPORT A 25 CENT PER DRINK INCREASE IN ALCOHOL TAX:						
Yes.....	52.7%	42.5%	49.9%	58.5%	60.6%	51.7%
Favor an increase but less than 25 cents.....	22.3%	25.7%	24.7%	25.7%	18.8%	23.8%
Oppose an increase/Don't know.....	24.9%	30.7%	24.4%	12.7%	18.5%	23.2%
Don't know.....		1.1%	1.1%	3.2%	2.2%	1.3%
SUPPORT A 10 CENT PER DRINK INCREASE IN ALCOHOL TAX:						
Yes.....	65.2%	67.0%	67.5%	76.8%	69.8%	68.6%
Favor an increase but less than 10 cents.....	9.9%	1.2%	6.5%	7.3%	9.5%	6.6%
Oppose an increase/Don't know.....	24.9%	30.7%	24.4%	12.7%	18.5%	23.2%
Don't know.....		1.1%	1.7%	3.2%	2.2%	1.6%
SUPPORT A 5 CENT PER DRINK INCREASE IN ALCOHOL TAX:						
Yes.....	70.4%	68.3%	71.9%	77.0%	73.7%	71.9%
Favor an increase but less than 5 cents.....	4.7%		2.7%	7.1%	5.7%	3.5%
Oppose an increase/Don't know.....	24.9%	30.7%	24.4%	12.7%	18.5%	23.2%
Don't know.....		1.1%	1.1%	3.2%	2.2%	1.3%
SUPPORT INCREASE IN TAX IF PART OF LONG RANGE PLAN?						
Yes.....	69.0%	68.1%	69.9%	73.8%	78.9%	71.3%
No.....	28.7%	30.6%	24.9%	22.8%	18.9%	25.3%
Don't know.....	2.3%	1.2%	5.2%	3.3%	2.2%	3.4%
INCREASING THE MINIMUM WAGE TO \$7.15 PER HOUR?						
Favor.....	74.2%	82.1%	72.8%	72.2%	79.4%	75.5%
Oppose.....	18.8%	15.4%	25.1%	23.9%	17.7%	21.2%
Don't know.....	7.1%	2.5%	2.1%	4.9%	2.9%	3.3%
THERE AFTER ADJUSTING MINIMUM WAGE TO MATCH INFLATION?						
Favor.....	73.4%	84.1%	76.4%	79.1%	69.5%	77.4%
Oppose.....	19.2%	12.3%	21.6%	19.4%	23.8%	19.6%
Don't know.....	2.4%	3.6%	2.2%	1.3%	6.4%	3.0%
TOTAL ROW PERCENT.....	13.4%	17.5%	41.7%	12.4%	15.0%	100.0%

government is using savings to pay for state services and balance the budget instead of increasing revenues. Other people say that it is not a problem. Do you think the problem is extremely serious, very serious, somewhat serious, not very serious, not at all serious, or are you not sure?

SERIOUSNESS OF FISCAL GAP	FREQUENCY	PERCENT
Extremely serious.....	36.....	9.3%
Very serious.....	53.....	13.7%
Somewhat serious.....	178.....	45.9%
Not very serious.....	41.....	10.7%
Not at all serious.....	26.....	6.2%
Don't know.....	53.....	13.7%

9. If a long range fiscal plan for the State of Alaska is enacted, it may involve several revenue-raising proposals, among them an income tax, sales tax, use of Permanent Fund earnings, and other taxes like an alcohol or gas tax. Generally speaking, without considering the details, how likely is it that you would be supportive of efforts to enact a long range fiscal plan for the State of Alaska? Are you extremely likely, very likely, somewhat likely, not very likely, or not at all likely to support a long range fiscal plan?

SUPPORT LONG RANGE FISCAL PLAN	FREQUENCY	PERCENT
Extremely likely.....	81.....	21.0%
Very likely.....	87.....	22.5%
Somewhat likely.....	121.....	31.2%
Not very likely.....	30.....	7.6%
Not at all likely.....	53.....	13.6%
Don't know.....	16.....	4.1%

ALCOHOL TAX

McClintock 10/9 - 10/17

Alcohol abuse and underage drinking are serious and costly problems in Alaska. Alaska's current alcohol tax has remained at the same rate as it was in 1983 and brings into the state about \$15 million a year. If we were to increase the tax by 10 cents per drink to keep pace with inflation, it could mean \$33 million in additional revenue to the state.

10A. Do you favor or oppose an increase in the alcohol tax?

FAVOR OR OPPOSE ALCOHOL TAX	FREQUENCY	PERCENT
Favor.....	298.....	76.8%
Oppose.....	90.....	23.2%
Don't know.....	0.....	0.0%

10B. Do you support a 25 cent per drink increase in the alcohol tax?

25 CENT PER DRINK INCREASE	FREQUENCY	PERCENT
Oppose an increase/Don't know.....	90.....	23.2%
Yes.....	200.....	51.7%
Favor an increase but less than 25 cents.	92.....	23.8%
Don't know.....	5.....	1.3%

10C. Do you support a 10 cent per drink increase in the alcohol tax?

10 CENT PER DRINK INCREASE	FREQUENCY	PERCENT
Oppose an increase/Don't know.....	90.....	23.2%
Yes.....	266.....	68.6%
Favor an increase but less than 25 cents.	25.....	6.6%
Don't know.....	6.....	1.6%

10D. Do you support a 5 cent per drink increase in the alcohol tax?

5 CENT PER DRINK INCREASE	FREQUENCY	PERCENT
Oppose an increase/Don't know.....	90.....	23.2%
Yes.....	279.....	71.9%
Favor an increase but less than 25 cents.	14.....	3.5%
Don't know.....	5.....	1.3%

11. Would you be more favorable to an increase to the alcohol tax if it was part of a long-range fiscal plan?

INCREASE IF PART OF PLAN	FREQUENCY	PERCENT
Yes.....	276.....	71.3%
No.....	98.....	25.3%
Don't know.....	13.....	3.4%

MINIMUM WAGE

There is an initiative that would raise the minimum wage from the current \$5.65 per hour to \$6.50 per hour, then to \$6.75 per hour one year later, then one year after that to \$7.15 per hour, and then to adjust the minimum wage annually to match inflation.

12. Do you favor or oppose increasing the minimum wage to \$7.15 per hour?

INCREASING MINIMUM WAGE	FREQUENCY	PERCENT
Favor.....	293.....	75.5%
Oppose.....	82.....	21.2%
Don't know.....	13.....	3.3%

13. Do you favor or oppose there after adjusting the minimum wage annually

Alcohol Taxes: The Impact on Youth

The Relationship between increased alcohol excise taxes and alcohol consumption by youth:

Youth and young adults reduce their drinking in response to price increases more than adults in general. This is especially important given that youth experience a disproportionate share of alcohol-related problems (Chaloupka et al. 2000)

Using national data from 1982, evidence shows that a tax policy that offsets the effect of inflation and raises the tax on beer to equal the tax on distilled spirits would lower the number of :

Underage drinkers who drink frequently (four to seven drinking occasions per week) by 32%,

Underage drinkers who drink fairly frequently (one to three times per week) by 24% (Grossman et al. 1994).

A recently released study of youth drinking patterns suggests that the estimated effect of the beer excise tax on drinking prevalence among young people is statistically significant and quite important: a dollar increase per case of beer reduces drinking prevalence by over 2% (Cook and Moore 2000).

Studies indicate that for every 10% increase in the price of beer, beer consumption would drop by 3%, while wine consumption would decrease 10% per 10% price increase and spirits consumption would drop 15% for every 10% increase in price. These price increases would substantially reduce both the frequency of alcohol consumption among youth (aged 16-21) and heavy drinking among young people (Chaloupka 1993).

A 1998 study which analyzed the relationship between the demand for alcohol and marijuana by youths and young adults found that higher beer prices significantly reduce the demand for both alcohol and marijuana (Pacula 1998).

Among underage female college students, high local beer prices are associated with lower drinking rates (Chaloupka and Weschler 1996).

Research results from a 1998 study of alcohol price elasticities support the implication that alcohol demand responds more to price in the long run than it does in the short run, which clearly suggests that raising alcohol prices would be an effective policy to reduce alcohol consumption by youths (Grossman et al. 1998).

The Relationship between increased alcohol excise taxes and overall alcohol consumption:

The majority of research finds that increasing the price of alcohol results in a decrease in:

- drinking and heavy drinking;
- drinking and driving and motor vehicle crashes;
- violence and other crime;
- alcohol related health problems such as cirrhosis (Chaloupka 1998)

Although light to moderate drinkers respond differently than heavy drinkers, the demand for alcohol is responsive to price. A 1995 study found that:

- The number of days that people drink five or more drinks (binge drink) decreases as taxes increase.
- An increase in alcohol excise taxes cuts consumption by light and moderate drinkers much more than heavy drinkers. A 10% increase in the alcohol tax would result in:
 - o a 5.5% decrease in light drinkers' consumption
 - o an 11.9% decrease in moderate drinker's consumption
 - o a 1.2% increase in heavy drinker's consumption

This research indicates that raising alcohol taxes may not reduce heavy drinkers' consumption at desirable levels, at the same time, light and moderate drinkers account for nearly half of all alcohol-related unintentional injuries and thus tax increases would result in a substantial reduction of such injuries (Manning et al. 1995).

A 1981 study examined consumption rates in 39 states that had raised taxes between 1960 and 1975. Of 39 states, half had their consumption rates drop 16% for every 10% increase in liquor tax (Cook 1981).

A 1993 study indicates that increasing the beer tax per case by 10% would decrease alcohol consumption by 0.48% per capita (Cook and Moore 1993).

There is evidence that raising taxes on alcohol reduces youth's access to alcohol and thus their involvement in injuries and other harm.

Raising the price of beer by 10% would have a dramatic impact on college students' violent behavior, including a:

- 4.5% drop in the rate at which students get into trouble with the police, residence hall or other college authorities
- 5.5% drop in the rate at which students damage property
- 3.4% drop in the rate at which students get into arguments or fight
- 3.6% drop in the rate that students take advantage of another person sexually or are taken advantage of sexually (Grossman and Markowitz 1998).

A 1999 study indicates that with a 10% increase in the excise tax on beer, severe violence aimed at children could be reduced by 2.3 and overall violence toward children reduced by 1.2% (Markowitz, 1999).

Raising the beer tax to its 1951 level in real dollars would have decreased traffic fatalities by 32% per year among 18-20-year-olds between 1982 and 1988. Imposing a slightly higher tax would have decreased motor vehicle crash deaths involving this age group by 42% (Grossman 1994).

For every 10% increase in tax on spirits, there would be a 7% decrease in motor vehicle deaths (Cook 1981).

A study detailed in the Journal of the American Medical Association suggests that higher alcohol taxes are associated with lower incidence of sexually transmitted diseases and that most beer tax increases are followed by a relative proportionate decrease in gonorrhea rates among young adults. A twenty-cent per six-pack increase in the beer tax could reduce overall gonorrhea rates by 8.9% (Harrison 2000).

Alaska Youth Risk Behavior Survey 1999. Alaska Department of Health and Social Services and the Alaska Department of Education & Early Development.

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Pacula, R.L. *Adolescent alcohol and marijuana consumption: Is there really a gateway effect?* National Bureau of Economic Research, Working Paper 6348, 1998.

Governor Knowles' budget proposal receives limited support (28%)...

Question:

"Governor Tony Knowles recently proposed a plan to help close the state's budget gap by beginning a state personal income tax, increasing alcohol taxes, and starting a new tax on tourists. Do you support or oppose this plan?"

28% Support
44% Oppose
(*Ask follow-up) 24% Support some/Oppose others
4% Unsure

...and it may be lower – nearly three out of four (72%) of those supporting some parts and opposing others oppose the personal income tax recommendation...

(*Follow up question)

...are there specific parts of the plan you oppose?

72%	{	56%	Income tax
		13%	Income & tourist tax
		3%	Income & alcohol tax
		10%	Tourist tax
		5%	Alcohol tax
		2%	Alcohol & tourist tax
		12%	Unsure

Survey area:	Anchorage/Eagle River
Sample size:	n=258
Sample error:	3 – 5%
Dates:	January 22-24, 2002

DITTMAN RESEARCH CORPORATION
THE ALASKA POLI.

Demographics	Unsure	Income Tax	Alcohol Tax	Tourist Tax	Income & Tourist	Income & Alcohol	Alcohol & Tourist	Base
TOTAL.....	12%	56%	5%	10%	13%	3%	2%	100.0%
GENDER								
Male.....	0%	66%	7%	14%	7%	2%	4%	50.4%
Female.....	23%	45%	3%	6%	18%	5%	0%	49.6%
AGE								
18-29 years	0%	57%	0%	19%	14%	10%	0%	9.5%
30-44 years	16%	64%	0%	4%	9%	7%	0%	31.7%
45-59 years	8%	55%	6%	10%	17%	0%	4%	50.4%
60+ years	28%	28%	22%	22%	0%	0%	0%	8.3%
REGISTERED AS								
Democrat	13%	74%	0%	0%	6%	6%	0%	14.8%
Republican	0%	65%	0%	0%	19%	16%	0%	14.6%
Non-partisan	12%	50%	9%	15%	12%	0%	3%	58.1%
Other	0%	76%	0%	0%	24%	0%	0%	6.8%
Not Registered	50%	25%	0%	25%	0%	0%	0%	5.7%
EMPLOYER								
Federal	8%	65%	0%	0%	26%	0%	0%	11.4%
State	0%	100%	0%	0%	0%	0%	0%	1.4%
Local	0%	60%	20%	20%	0%	0%	0%	6.8%
Private Co.	14%	53%	6%	8%	11%	5%	3%	64.1%
Not in workforce	8%	55%	0%	20%	17%	0%	0%	16.3%
OPINION TAX PLAN								
Unsure	79%	21%	0%	0%	0%	0%	0%	11.1%
Some of Both	3%	60%	6%	11%	14%	4%	2%	88.9%

Governor Knowles recently proposed to help close the State's budget gap by beginning a state personal income tax, increasing alcohol taxes and starting a new tax for tourists. Do you support or oppose this plan?

Demographics	Unsure	Support	Oppose	Some of Both	Base
TOTAL.....	3%	28%	44%	24%	100%
GENDER					
Male.....	0%	26%	46%	28%	48.8%
Female.....	6%	31%	43%	21%	51.2%
AGE					
18-29 years	3%	21%	51%	25%	9.2%
30-44 years	4%	31%	42%	22%	33.1%
45-59 years	2%	26%	41%	31%	42.7%
60+ years	4%	32%	53%	11%	14.9%
REGISTERED AS					
Democrat	5%	41%	34%	20%	16.3%
Republican	0%	24%	59%	17%	24.0%
Non-partisan	3%	26%	42%	29%	50.0%
Other	0%	43%	25%	32%	5.8%
Not Registered	20%	10%	50%	20%	3.9%
EMPLOYER					
Federal	4%	32%	25%	39%	7.3%
State	0%	63%	29%	8%	4.8%
Local	0%	36%	28%	36%	5.2%
Private Co.	4%	21%	49%	25%	59.3%
Not in workforce	1%	37%	44%	18%	23.4%

Small Change, Big Difference



The purpose of this packet is to provide information about the impact and benefits of an adjustment to Alaska's alcohol excise tax. In addition to the cover sheet and the statement of purpose, it includes:

- Dime a Drink Coalition Statement
- Alcohol Tax Resolution
- Why Increase Alaska's Excise Tax on Alcohol?
- Alcohol Taxes: The Impact on Youth
- Organizations Supporting Increased Alcohol Excise Taxes
- Alcohol Tax Websites
- Alcohol Tax Support Polls
 - Ivan Moore Research
 - Hellanthal & Associates
 - Dittman Research Corp.
- Economic Costs of Alcohol and Other Drug Abuse in Alaska, Phase Two – McDowell Group: Executive Summary
- State & Local Publications supporting the Alcohol Excise Tax
- Akeela ExciseTax Brochure

Please feel free to duplicate and distribute these materials as necessary.

While these views represent the foundation of the coalition, they are but a synopsis of the most pertinent information and are in no way meant to represent the entire opinion or position of the coalition or its individual members.

If you have questions concerning the coalition or these materials or would like to offer your support to the efforts of the coalition, please contact (in Anchorage)

Bill Herman at 269-7962, william_herman@mhta.revenue.state.ak.us

Or, Delisa Culpepper at 269-7965,
delisa_culpepper@mhta.revenue.state.ak.us

Thank you. Together we can make a difference.

DIME A DRINK COALITION STATEMENT

The Dime a Drink Coalition is a group of individuals and organizations statewide, which strongly support, and are advocating for, a significant adjustment to the state alcohol excise taxes, of at least 10 cents per drink.

A list of coalition member organizations is included in this packet. If you would like additional information, please contact (in Anchorage) Bill Herman at 269-7962, william_herman@mlta.revenue.state.ak.us Or, Delisa Culpepper at 269-7965, delisa_culpepper@mlta.revenue.state.ak.us or write dimeadrink@hotmail.com.

The Issue: Do the Math!

The State of Alaska is facing a budget deficit of \$906 million in FY02 and over \$1 billion in FY03. At the same time, in year 2000, there was a cost of \$453 million to Alaskans, to address alcohol use and abuse.ⁱ

The current rate of tax on alcohol in Alaska is:

Can of Beer (12 oz.)	3.3 cents
Glass of Wine (5 oz.)	3.5 cents
Shot of spirits (1 oz.)	4.4 cents

In 2000, 338,284,324 drinks were consumed in Alaska and resulted in \$12,655,546 dollars collected in tax revenues.ⁱⁱ This means that for every dollar (\$1.00) in alcohol taxes that is taken in, Alaska spends \$35.79 to deal with alcohol abuse.

The annual cost of alcohol abuse:	\$453,000,000
Excise taxes collected under the current tax rate:	- \$12,655,546
Divided by the number of drinks consumed annually:	338,284,324

The State of Alaska subsidizes the alcohol industry at the rate of \$1.30 per drink!!

The alcohol industry needs to be a part of the solution, not the problem. The last adjustment to the alcohol excise tax was in 1983 – over 18 years ago. Alcohol is a discretionary item, not a necessity, and adjusting the alcohol excise tax is more equitable than imposing or increasing taxes on gasoline, phone services and or general sales taxes.

The Answer: Raise Revenue, Protect Our Children

In addressing alcohol problems, our legislators have largely ignored a policy measure that could help reduce alcohol problems and provide revenues to offset some of the costs associated with alcohol use and abuse: ADJUST THE ALCOHOL EXCISE TAX.

Alaskans can no longer afford to subsidize the alcohol industry. The citizens of this state strongly support an adjustment in alcohol taxes – a recent statewide poll showed that 76% favored an increase and 68% favored an increase of \$.10 per drink. ⁱⁱⁱ

The time is now for an adjustment to the tax on alcohol. Under proposed legislation, a 10 cent per drink adjustment in the excise tax will bring in approximately \$33.3 million to state confers.

And that's not all!! Numerous studies indicate that increasing alcohol taxes is one of the most effective means of saving young lives. Not only do these studies associate increased taxes with a decrease in alcohol related traffic deaths and injuries, but increased alcohol taxes have been shown to reduce the incidence of child abuse, domestic violence, violence and property crimes – while improving high school success and college graduation. ^{iv}

The Impact: Who drinks? Who pays?

While it is unclear to what degree, almost all analysts agree that a price increase will reduce alcohol beverage sales. What is clear however is that an adjustment in Alaska's alcohol excise tax will have:

Zero impact on non-drinkers (about 30% of the adult population):

Minimal impact on moderate drinkers that consume between one and two drinks per day;

Maximum impact on 15 – 20% of the population that consume 75 – 80% of the alcohol sold in Alaska, and whose alcohol use and abuse has the greatest impact on health care, criminal justice and emergency services.

The alcohol beverage industry claims that higher taxes deter drinking by moderate consumers, but fail to discourage drinking by those that abuse alcohol. However, research shows a link between increased alcohol taxes and reductions in liver cirrhosis and drinking and driving crashes – indicating that heavier drinkers will be impacted as well. ^v

Young people will be impacted the most. Younger people are generally more price sensitive, so higher prices will help delay and reduce drinking within this group. A study by the National Bureau of Economic Research found that even a modest tax increase on beer would decrease drinking among young people as much as raising the legal drinking age by one year. ^{vi}

The Opposition: Sensationalism and Smokescreens

Despite powerful arguments in favor of adjusting alcohol excise taxes, the alcohol beverage industry has been successful in using sensationalism, smokescreens and lots of money to thwart these efforts.

The alcohol industry claims: Increasing alcohol excise taxes will destroy jobs throughout the economy.

The truth: Industry estimates of job losses are wildly exaggerated. Bureau of labor statistics data indicate that between 1990 and 1992, the years before and after the last federal beer tax increase, the number of jobs in malt-beverage manufacturing and wholesaling actually rose by 1,400 net positions. While retailing jobs went down by 400, research suggests that these jobs shift to other sectors of the economy since money not spent on alcohol shifts to other consumer purchases.^{vii}

The alcohol industry claims: The revenue raised by an increase in alcohol excise taxes will be spent to increase the state's budget and can not be designated to treatment programs.

The truth: Like many states, Alaska's alcohol excise taxes can not be earmarked specifically for alcohol treatment programs. However, the funds generated through this adjustment will be used to ease the burden of alcohol related costs associated with law enforcement, emergency medical services and healthcare, among others. And, the citizens of Alaska can let their voices be heard and influence where these funds are spent!

The alcohol industry claims: Increased alcohol taxes unfairly target one segment of the population and alcohol taxes are already too high.

The truth: Unlike food, clothing, housing, gasoline and fuel oil and other essentials, Alcohol is a discretionary item, not a necessity. The relative cost of alcoholic beverages and state taxes have dramatically declined in the past 50 years. Even with a federal increase in 1991, the average price of beer and wine has fallen by more than 25% relative to the consumer price index. The influence of the alcohol industry creates an environment that does not allow for steady increases over time to keep pace with inflation and as a result, state taxes have declined dramatically in terms of real dollars, costing states millions of dollars each year in potential revenue.

ⁱ Economic Costs of Alcohol and Other Drug Abuse in Alaska, Phase Two, McDowell Group, November 13, 2001.

ⁱⁱ Alaska Department of Revenue

ⁱⁱⁱ Hellenthal & Associates, 10/9 - 10/17/01 Statewide Poll.

^{iv} For a comprehensive bibliography of alcohol tax research, please contact the Dime a Drink Coalition. Chaloupka, Frank J. and H. Weschler *Binge drinking in college: the impact of price, availability, and alcohol control policies* Contemporary Economic Policy 14(4):112-124, 1996.

Chaloupka, Frank J. *Effects of Price on Alcohol Related Problems*. Alcohol Health and Research World (17)2:46-53, 1993.

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Manning, Willard G.; Linda Blumberg; and Lawrence H. Moulton *The Demand for Alcohol: The Differential Response to Price* Journal of Health Economics 14:123-148, 1995.

^v * See iv.

^{vi} Cook, Phillip J. and Michael J. Moore *Environment and Persistence in Youthful Drinking Patterns* NBER Research, 2000: To be published: Risky behavior among youths: An economic analysis, Jonathon Gruber, Editor, The University of Chicago Press.

^{vii} The Center for Science in the Public Interest, Strategizer #37.

ECONOMIC COSTS OF ALCOHOL AND OTHER DRUG ABUSE IN ALASKA, PHASE TWO

PREPARED FOR:

*THE ADVISORY BOARD ON
ALCOHOLISM AND DRUG ABUSE
DEPARTMENT OF HEALTH & SOCIAL SERVICES*

*P.O. Box 110608
JUNEAU, ALASKA 99811-0608*



Research-Based Consulting

Juneau
Anchorage

NOVEMBER 13, 2001

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JUNEAU • ANCHORAGE

NOVEMBER 13, 2001

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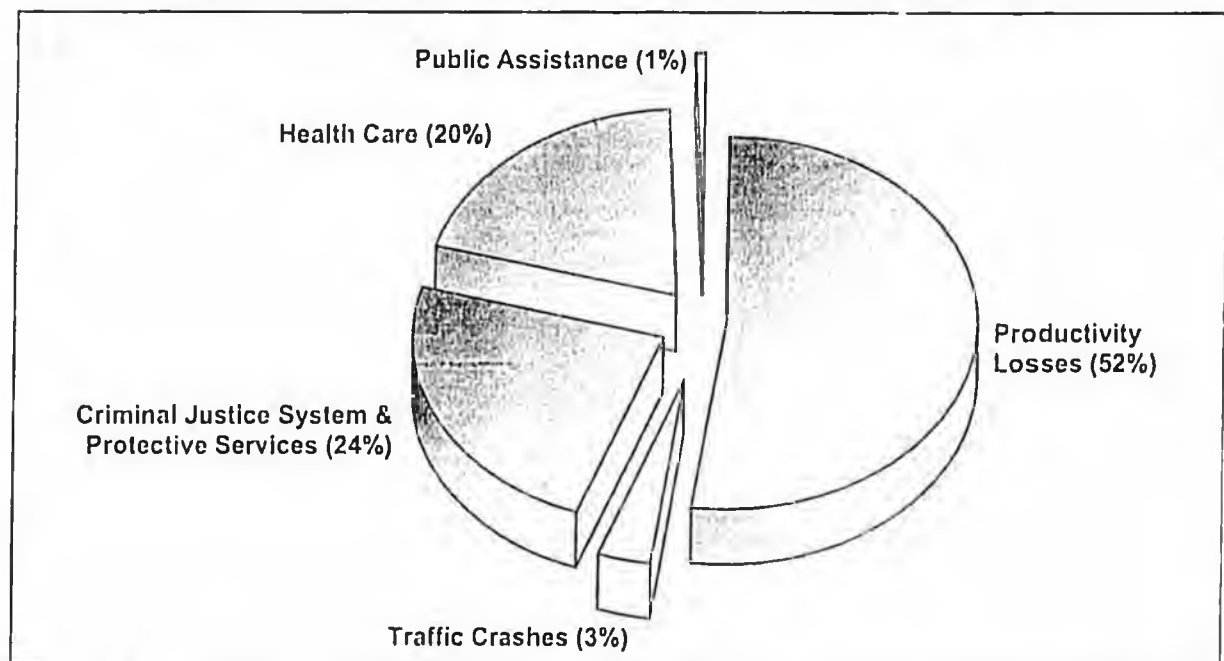
EXECUTIVE SUMMARY

The Advisory Board on Alcoholism and Drug Abuse, through the Alaska Department of Health and Social Services, contracted with McDowell Group in April 2001 to conduct a two-phase study on the economic costs of alcohol and other drug abuse in Alaska. Phase One of this study identified potential data sets needed to estimate the economic cost of alcohol and other drug abuse in Alaska. Phase Two estimates the economic costs of alcohol and other drug abuse in Alaska. This report is the second phase of the two-phase study.

Alcohol and other drug abuse impacts the economy in many ways. Public safety, health care, and public assistance are among the areas impacted by alcohol and other drug abuse. The extent of these impacts is evident in the level of alcohol and other drug dependency and its associated cost on the Alaska economy. According to a 1998 study, 9.7 percent of Alaska's population is alcohol dependent (41,000 residents), while 1.5 percent is other drug dependent (5,000 residents). The cost of this dependence to the Alaska economy is estimated to be \$614 million during 1999. Alcohol abuse costs accounted for \$453 million (74%). Other drug abuse costs were estimated at \$161 million (26%). Costs by category include:

- \$319 million from productivity losses.
- \$146 million from criminal justice and protective services.
- \$123 million from health care.
- \$21 million from traffic crashes.
- \$4 million from public assistance.

**Percentage of Costs by Category
Related to Alcohol and Other Drug Abuse in Alaska, 1999**



More detailed study results for each cost category are presented below. Some of the economic benefits related to the manufacturing and sale of alcohol are also included.

Productivity Losses

Lost productivity occurs when alcohol and other drug abuse results in premature death, reduced efficiency of workers through physical or mental impairment, incarceration for criminal offense, and inpatient treatment or hospitalization. The reduced efficiency of employees, or premature death of Alaska residents, results in less production of goods and services, and is thus a cost to society.

Alcohol and other drug abuse in Alaska cost an estimated \$319 million in lost productivity during 1999. Components of productivity losses and associated costs include:

- Premature death from alcohol and other drug abuse in Alaska resulted in an estimated \$172 million in lost productivity in 1999. The annual average number of deaths from alcohol and other drug abuse between 1994 and 1998 was 224.
- Workers impaired by alcohol and other drug abuse had an estimated reduced productivity in Alaska of \$110 million during 1999. This includes \$100 million in alcohol-related impairment and \$10 million in other drug-related impairment.
- Alaska costs from alcohol and other drug-related incarcerations totaled an estimated \$29 million in lost productivity during 1999. During that period, 985 inmate incarcerations were directly related to alcohol and other drug abuse.
- Lost productivity from Alaska residents receiving inpatient treatment for alcohol and other drug abuse cost an estimated \$8 million in 1999.

Traffic Crashes

Alcohol and other drug abuse are a major cause of traffic crashes in Alaska. There were 1,058 traffic crashes in Alaska attributed to alcohol and other drug abuse during 1999. Of these crashes, 31 were fatal, 83 were major injury crashes, 388 were minor injury crashes, and 556 had property damage only. The estimated costs from these crashes were more than \$21 million. Costs included:

- \$8 million for legal costs.
- \$9 million for insurance administration costs.
- \$4 million for property damage costs.
- \$1 million for workplace costs.

Costs by traffic accident category in 1999 were more than \$21 million. These included:

- \$12 million from major injuries.
- \$4 million from fatalities.
- \$4 million from minor injuries.
- \$1 million from property damage only.

Criminal Justice

Alcohol and other drug abuse contribute to crime and child abuse. In 1999, an estimated 17,100 arrests were attributed to alcohol and other drug abuse. During this same period, 32,360 Alaska residents were victims of alcohol and other drug abuse-related crimes. Costs attributed to crime-related alcohol and other drug abuse in the state were nearly \$102 million during this period. Crime costs in 1999 included:

- \$61 million for law enforcement.
- \$29 million for corrections.
- \$11 million for legal costs and court adjudication.
- \$1 million for property damage.

Adult and child protective services attributed to alcohol and other drug abuse cost an estimated \$44 million in Alaska during 1999. These costs include foster care services, adoption care services, residential care services, and social worker services.

Health Care

Health care costs attributed to alcohol and other drug abuse result from illnesses or injuries. Alcohol and other drug abuse can result in cirrhosis of the liver, hypertension, diabetes, or stomach cancer, to name just a few. Health care costs related to alcohol and other drug abuse totaled an estimated \$123 million in 1999. Health care costs included:

- Hospital costs from illnesses and injuries were estimated at \$53 million. Alcohol abuse-related health care costs accounted for \$48 million, while other drug abuse-related costs were \$5 million.
- Alcohol and other drug residential and outpatient treatment costs were approximately \$15 million.
- Total medical outpatient costs from illnesses and injuries totaled an estimated \$15 million.
- Pharmaceutical costs were estimated at \$9 million, while nursing home costs were \$400,000.
- Total health care costs for FAS births ranged from an estimated \$21 million based on an incidence rate of 1.4 for every 1,000 live births to \$42 million for an incidence rate of 2.8 for every 1,000 live births. Using these incidence rates, Alaska had an estimated range of FAS births of 14 to 28 in 1999.
- Medical care totaled \$4 million for patients with other drug-related HIV and HIV with AIDS. Approximately 93 HIV and HIV with AIDS cases were attributed to intravenous drug abuse.
- Costs for medical treatment of hepatitis B and C caused by intravenous drug abuse was \$5 million. Intravenous drug abuse contributed to 433 hepatitis B and C cases in Alaska in 1999.

Public Assistance and Social Services

A portion of public assistance expenditures can be attributed to alcohol and other drug abuse. Alcohol and other drug-dependent persons may qualify for public assistance because of reduced income, inability to hold a job, or disability caused by substance abuse. Costs attributed to abuse (program administration costs only) were an estimated \$4 million in 1999.

Employment Impacts of Alcohol Sales

Although the focus of this study is centered on the cost of alcohol and other drug abuse, there are some economic benefits associated with the sale of alcoholic beverages. These economic benefits include employment, income and tax revenues. In 1999, there were approximately 3,000 jobs in alcohol related industries in Alaska, with earnings of approximately \$50 million. State excise tax revenue on alcoholic beverages, collected at the wholesale level, was approximately \$12 million.

Actual Costs

It is critical the reader recognize that the alcohol and other drug-related costs presented in this study are estimates only. Actual costs could be 25 percent higher or lower than the total presented in this report. Very little underlying data exists regarding the monetary impact of alcohol and other drug abuse in Alaska. There is a clear need for more comprehensive research.

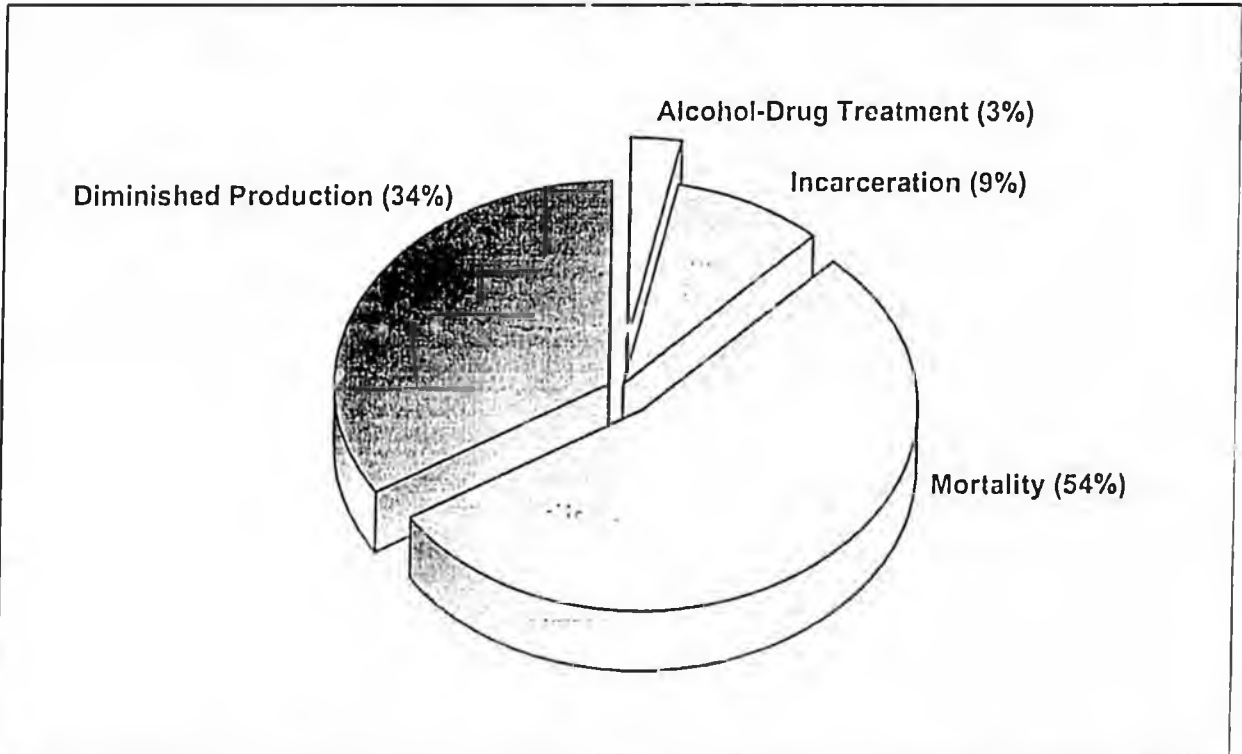
For this report, the McDowell Group study team used national data to estimate Alaska's alcohol and other drug abuse costs and then adjusted these costs for Alaska's higher cost of living. The study team relied heavily on a 1998 publication from the National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism (NIDA/NIAAA), and a 1999 study for the Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse. As exhaustive and thorough as these studies are they do not address Alaska's higher alcohol rates or its higher cost of providing services. Alaska's alcohol-dependent population is double the national average, according to results of the Alaska Adult Household Telephone Survey conducted by the Gallup Organization. In addition, cost-of-living indicators published by American Chamber of Commerce Researchers Association (ACCRA) show Anchorage health care costs were 65 percent higher than the national average during 1999.

In nearly all cases, Alaska specific data were not available on the amount of crime, health and medical costs, lost production, and public assistance that can be attributed to alcohol and other drug abuse. Estimates rely on national norms based on tested methodologies. National norms are based on a lower prevalence of alcohol abuse and dependence than is the case in Alaska. Comprehensive development of Alaska specific data is recommended.

Summary

Alcohol and other drug abuse cost Alaska an estimated \$319 million in lost productivity during 1999. Lost productivity occurs when alcohol and other drug abuse results in premature death, reduced efficiency of workers through physical or mental impairment, incarceration for criminal offense, and residents requiring inpatient treatment or hospitalization. Overall, the reduced efficiency of employees or premature death of Alaska residents results in less production of goods and services, and thus is a cost to society. Figure 1 illustrates the sources of lost productivity in the Alaska economy.

**Figure 1
Percent of Lost Productivity for Alaska from
Alcohol and Other Drug Abuse in 1999**



- Premature death from alcohol and other drug abuse in Alaska resulted in an estimated \$172 million in lost productivity in 1999. Males accounted for \$143 million in estimated losses and females, \$29 million. An average of 224 deaths annually can be attributed to alcohol and other drug abuse between 1994 and 1998. Total number of deaths from all causes in Alaska in 1998 was 2,579.

- Alcohol and other drug abuse can impair worker performance resulting in lost productivity. An estimated 41,000 Alaska residents are alcohol dependent, resulting in reduced productivity of \$100 million in 1999. Another 5,000 residents were other drug dependent resulting in \$10 million in diminished productivity. The male population accounted for the largest portion of lost productivity at \$92 million, while estimates for productivity losses for females were \$18 million.
- Of the 3,428 Alaska residents incarcerated for criminal acts, an estimated 985 incarcerations can be attributed to alcohol and other drug abuse in 1999. Lost productivity was estimated at \$29 million from incarceration of alcohol and other drug dependent inmates.
- Time spent by Alaska residents while receiving inpatient treatment for alcohol and other drug abuse resulted in \$8 million in lost productivity in 1999. These figures do not measure actual cost of treatment.

WHY INCREASE ALASKA'S EXCISE TAX ON ALCOHOL?

1. Approximately 70% of Alaskan adults consume alcohol, most with no health, legal or social adversities. Yet too often, when people's judgment, coordination and memory are affected by alcohol, innocent Alaskans suffer grievous bodily injury and death (just read the *Anchorage Daily News Alaska* Section).
2. Alaska ranks near the very top of the nation in alcohol consumption, underage drinking and alcohol abuse. The prevalence of alcohol dependence and alcohol abuse in Alaska is about twice the national average - 7% nationally and nearly 14% for Alaska (Gallup Corporation Telephone Survey for the State of Alaska Division of Alcoholism and Drug Abuse).
3. Alcohol use is the sole cause of the only fully preventable birth defect, fetal alcohol syndrome (FAS). FAS is the leading known cause of mental retardation. Alaska ranks highest in incidence of FAS. Between 15 and 30 Alaska children are born each year with this syndrome and approximately another 126 are born with serious alcohol-related birth defects (State of Alaska, Department of Health & Social Services, Office of Fetal Alcohol Syndrome, <http://health.hss.state.ak.us/fas/resources>).
4. An analysis of 29,408 reported cases of domestic violence cases in Anchorage between 1989 and 1998 showed that in 48% of the cases alcohol was identified as a factor (Municipality of Anchorage Domestic Violence 10 Year Study 1989-1998, <http://www.muni.org/iccimages/Health1/Dvreport.pdf>).
5. An estimated 23.9% of Alaskan adults were reported as binge drinkers, engaged in acute drinking - compared to a national average of 14.3% (Municipality of Anchorage, Healthy Anchorage Indicators Project 1997, <http://www.muni.org/iccimages/Health1/report97.pdf>).
6. Children in alcohol-abusing families were nearly 4 times more likely to be maltreated. They were 5 times almost 5 times more likely to be physically neglected and 10 times more likely to be emotionally neglected than children in non-alcohol abusing families (1997 National Clearinghouse on Child Abuse and Neglect, *In Fact...Answers to Frequently Asked Questions on Child Abuse and Neglect*, May 1997).
7. In Alaska, a 1997 special audit of DFYS child abuse cases found 83% of these cases with at least 6 reports within 2 years, were alcohol-related (1997, State of Alaska, Division of Youth & Family Services [Special Audit of Repeat Cases]).

8. The present state excise tax on alcohol, is only 3.3 cents on 12 ounces of beer; 3.5 cents on a 5-ounce glass of wine; and 4.4 cents on 1-ounce of distilled spirits. Alaska's excise tax on alcohol has not been increased since 1983. In fact, there has been only one increase in the tax on alcohol in Alaska in the last 41 years; 1960 being the previous time it was raised (State of Alaska, Department of Revenue, Tax Division, <http://www.tax.state.ak.us>).
9. Alcohol abuse presently costs the State of Alaska as a whole \$453,000,000 annually. Yet the existing alcohol excise tax contributes only a little over \$12,000,000 to the General Fund. The people of the State of Alaska are subsidizing the alcohol industry at the rate of \$1.30 per drink (Economic Costs of alcohol and Other Drug Abuse in Alaska, Phase Two, McDowell Group, November 2001).
10. Alaska is facing an impending budget deficit of \$.06 million in FY02. A 10 cent per drink increase in the state excise tax on alcohol will bring in approximately \$34,000,000 in additional revenue to the state; A 15 cent per drink increase will bring in approximately \$50,000,000 in additional revenue; and a 20 cent per drink would bring in approximately \$66,000,000 in additional revenue to the state (State of Alaska, Department of Revenue, . <http://www.tax.state.ak.us>).

These Alaska organizations support an adjustment in the alcohol excise tax by at least a dime a drink, and the list is growing!

Advisory Board on Alcoholism & Drug Abuse
AK Commission on Aging
AK Inter-tribal Council
AK Medical Association
AK Mental Health Association
AK Mental Health Board
AK Mental Health Trust
AK Mother's Against Drunk Driving
AK Nurses Association
AK Parent Teachers Association
AK Psychiatric Institute Medical Staff
AK Public Health Association
Akeela Inc.
Alaska Native Brotherhood
Alaska Native Sisterhood
ARC of Anchorage Board of Directors
Atmautluak Traditional Council
Avenues/Wrangell Council on Alcoholism
Bristol Bay Area Mental Health Center
Community-based Action for a Safer Society
Concerned Clergy Coalition
Connecting Ties, Inc. of Valdez
Council on Alcohol Abuse & Public Safety
Fairbanks Native Association
Gastineau Human Services, Inc
Georgetown Tribal Council
Governor's Council on Disabilities and Special Education
Juneau Medical Society
League of Women Voters of AK
Lime Village Traditional Council
National Association of Social Workers (NASW) Alaska Chapter
National Council on Alcoholism and Drug Dependence/Juneau Affiliate
Native Village of Mekoryuk
Native Village of Upper Kalsag Traditional Council
Newtok Traditional Council
Norton Sound Health Corporation
Organized Village of Kwethluk
Parents, Inc.
Scammon Bay Traditional Council
Seaview Community Services of Seward
Sleetmute Traditional Council
Southeast AK Regional Health Consortium
State of Alaska, Office of the Governor

Stebbins Community Association
Substance Abuse Directors Association of AK
Tanana Chiefs Conference
Valdez Counseling Center

Alcohol Tax Resolution

Whereas: The people of Alaska face an ever increasing shortfall of revenue and that revenue from alcohol excise tax is limited at the 1983 flat fixed rate. And, that the **total revenue** from this source is only **\$12.5 million annually**, and that the **direct** costs of alcohol abuse are in excess of **\$140.0 million annually**;

Whereas: An alcohol excise tax adjustment is the most successful, effective and proven method to delay the age of first use and reduce alcohol consumption by youth, thereby reducing the motor vehicle crashes, teen pregnancy, school failure and violence resulting from underage drinking;

Whereas: Alaskans who do not drink will experience no financial impact from the excise tax adjustment; Alaskans who drink moderately will experience limited financial impact and Alaskans who drink heavily will more equitably bear the heavy financial impact of alcohol-related costs borne by all Alaskans;

NOW THEREFORE BE IT RESOLVED:

THAT, _____

Respectfully requests that the Alaska legislature honor the overwhelming voter support for a substantial adjustment in the alcohol excise tax and enact legislation that will increase the alcohol excise tax by at least 10 Cents a drink.

Resolved: this _____ day of _____ 2002.

Officer: _____

Address: _____

City: _____, Alaska zip _____

Email address: _____

Please endorse and return to:

DIME A DRINK COALITION
P.O. Box 91825
Anchorage, Alaska 99509

[Please copy and circulate to any interested party]

SB 347

**Public
Testimony**

Support



Alaska Peninsula ♦ Aleutian Chain ♦ Bristol Bay ♦ Kodiak Island ♦ Pribilof Islands

March 14, 2002

Senator Dave Donley, Chair
Senate Finance Committee
State Capitol
Juneau, AK 99811

Dear Senator Donley:

Thank you for the opportunity to comment on SB 347 to increase the wholesale tax on alcohol and allow voters to increase local sales tax on alcohol. We support your efforts to provide a way to raise revenue in order to combat the many negative effects of alcohol in Alaska. We also believe that local voters should have the option to allow higher alcohol taxes in their communities to help offset alcohol related expenses.

The Southwest Alaska Municipal Conference 2002 Policy Statement states, in part, as follows:

Revenue and Finance:

State Alcohol Beverage Wholesale Tax: The Conference supports a shared revenue allocation for the existing and any future increase in the wholesale tax on alcohol for the mitigation of the impacts of alcohol consumption based on the proportion of local vs. state expenditures for public safety and alcohol treatment.

Tax-Levying Authority: The Conference supports legislation to allow local voters to approve a special tax on alcohol.

We appreciate your willingness to tackle tough issues facing our state. While introducing new taxes is never popular, the alternative of spending the entire savings account will be even worse for our residents. If we can assist you further, please let me know.

Sincerely,

Mark Earnest
Executive Director

The Southwest Alaska Municipal Conference is a regional membership organization that advances the collective interests of Southwest Alaska people, business and communities.

Southwest Alaska Municipal Conference (SWAMC)
♦ 3300 Arctic Boulevard, Suite 203 ♦ Anchorage, AK 99503 ♦
(ph) 907-562-7380 ♦ (tx) 907-562-0438 ♦ www.swamc.org

Subject: [Fwd: SB 347 - "An Act relating to taxation"]

Date: Thu, 14 Mar 2002 08:55:33 -0900

From: Senator Dave Donley <Senator_Dave_Donley@legis.state.ak.us>

Organization: Alaska State Legislature

To: Mindy Rowland <Mindy_Rowland@legis.state.ak.us>

Subject: SB 347 - "An Act relating to taxation"

Date: Wed, 13 Mar 2002 21:52:03 -0900

From: "Michele Czajkowski" <michelec@pci.net>

To: <Senator_Dave_Donley@legis.state.ak.us>, <Senator_Pete_Kelly@legis.state.ak.us>, <Senator_Loren_Leman@legis.state.ak.us>, <Senator_Lyda_Green@legis.state.ak.us>, <Senator_Gary_Wilken@legis.state.ak.us>, "Senator Lyman Hoffman" <Senator_Lyman_Hoffman@legis.state.ak.us>, "Senator Donny Olson" <Senator_Donny_Olson@legis.state.ak.us>, "Senator Jerry Ward" <Senator_Jerry_Ward@legis.state.ak.us>, "Senator Alan Austerman" <Senator_Alان_Austerman@legis.state.ak.us>

Dear Mr. Chairmen and Members of the Senate Finance Committee,

I am writing to ask you to support SB 347, "an act relating to taxation." SB 347 recommends a very modest increase to an alcohol tax that has not seen one penny of an increase since 1983. The level of taxation recommended in SB 347 is reasonable: hard liquor to be taxed at \$18.40 per gallon, wine to be taxed at \$3.41 per gallon, and beer to be taxed at \$1.42 per gallon. This is the same level of taxation that was recommended in HB 225, the "dime-a-drink" tax that was introduced during the last legislative session.

We all pay the costs of alcohol abuse: in Anchorage alone, 55% of all motor vehicle crash fatalities, 100% of fire fatalities, 60% of fire injuries, 50% of assaults, 59% of all domestic violence, 55% of sexual assaults, and 48% of all homicides are alcohol-related (ref. MOA's Healthy Anchorage Indicators Report, 1998). Statewide, the annual cost of alcohol abuse in Alaska is \$246 million yet a mere \$12.7 million is collected under Alaska's current state alcohol tax.

It is time for the alcohol industry to share some of the burden. As I mentioned, there has been no increase in the alcohol tax since 1983. I wish I could say that about my taxes!

Thank you for introducing this very important piece of legislation and for providing an opportunity for the public to comment.

Respectfully,
Michele Czajkowski
3930 East 66th Avenue
Anchorage, AK 99507
phone: 907-522-3479

CAAPS *Council on Alcohol Abuse and Public Safety-Alaska*
Box 23007 - Juneau, Alaska 99802 - (907) 586-3032 - caaps@alaska.com

ADVISORY SB 347

We recommend:

That coalition participants fully support and encourage passage of the 10 cent per drink add-on to the current flat fixed 1983 alcohol excise tax rates which is the principal component of this bill. It matches the rate currently being considered by the House.

That coalition participants express appreciation and thanks to the Senate Finance committee for their bi partisan support for that 10-cent add-on component.

Those participants fully support the concept of allowing municipalities the discretionary authority to raise local revenue by taxing alcoholic beverage consumption. We suggest however that this sales tax issue is much more complex. And the component which authorizes a differential sales tax, would face what we believe would be insurmountable (and perhaps justifiable) opposition from local Alaskan licensees.

It is our belief that tying the two very different issues together in the same legislation greatly reduces the current opportunity for long overdue passage of a substantial, long overdue, badly needed, effective and popular adjustment to the state alcohol excise tax rate.

That participants encourage the Senate Finance Committee to put the issue of local municipal authorization into a separate piece of legislation which may be examined and debated on it's own and unique merits.

That participants encourage the Senate and House to consider the somewhat unusual but very efficient option of authorizing municipalities to collect revenue through the state of Alaska excise tax system which causes no economic hardship to local Alaskan licensees, rather than a differential sales tax.

We suggest that participants reiterate thanks and support for both components of the bill That you encourage the Senate to separate the state alcohol excise tax rate adjustment, and the much more complex, politically sensitive, and controversial authorization for a differential sales tax for municipalities component, into two separate and distinct bills. And, consider in depth the advantages of allowing the municipalities to use the very effective and efficient alcohol excise tax system. This is a very simple and effective solution but it is an unusual method of revenue generation, which is only applicable in a very limited number of situations.

CAAPS has detailed and extensive information on the excise tax authorization method of local revenue generation and would be happy to share that information with any interested parties. (Alaska utilizes a similar system of collection of local taxes by the state, for municipalities right now.)

Thank you!

Moderating alcohol abuse and violence through public policy information



Subject: [Fwd: SB 347]

Date: Thu, 14 Mar 2002 08:43:30 -0900

From: Senator Dave Donley <Senator_Dave_Donley@legis.state.ak.us>

Organization: Alaska State Legislature

To: Mindy Rowland <Mindy_Rowland@legis.state.ak.us>

Mindy~

Can you make these part of the SFC Record?

Thanks,

Sara

Subject: SB 347

Date: Thu, 14 Mar 2002 02:39:24

From: "Agnes Sweetsir" <amsweetsir@hotmail.com>

To: Senator_Dave_Donley@legis.state.ak.us, Senator_Pete_Kelley@legis.state.ak.us

CC: Senator_Georgianna_Lincoln@legis.state.ak.us

Dear Senators and the Senate Finance Committee:

I understand you are having hearing on SB347. I am sorry that I will be unable to participate telephonically. I want to take this opportunity to ask you to support SB347 at a dime a drink increase. I worked for almost two decades in child protection in this state. I can tell you heartbreaking stories of the devastating effects alcohol abuse has on children and families and even more heartbreaking stories of parents wanting help and being unable to get it. We need more treatment and aftercare. We are experiencing a frightening trend Statewide - children (younger than teens!) are drinking - not experimenting, drinking! We know from research that raising cost decreases demand, especially in youth. I have talked to hundreds of people about this issue and have run across no one that is unwilling to pay an extra dime a drink to deal with this issue. I appreciate and realize the daunting task you have to balance the budget. I encourage you not to do that on the backs of the most vulnerable. When I first became employed, I was proud to pay my School and State Income Tax. I am willing to do that again; in fact, believe it should have never ceased. People I talk to are willing to pay.

With this, thank you sincerely for your service.

Sincerely,

Agnes Sweetsir

PO Box 8

Galena, AK 99741

Chat with friends online, try MSN Messenger: <http://messenger.msn.com>



CHANGING TIDES COUNSELING SERVICES

201 North Nordic, Suites 204, 205

P.O. BOX 1350, Petersburg, Alaska 99833

Phone: (907) 772-3552, Fax: (907) 772-3580

e-mail: changing@mitkof.net home page: <http://www.mitkof.net/~changing>

Senate Finance Committee

Senator Dave Donley -Co-Chair, Senator Pete Kelly - Co-Chair, Senator Jerry Ward,
Senator Alan Austerman, Senator Lyda Green, Senator Loren Leman,
Senator Gary Wilken, Senator Lyman Hoffman, Senator Donny Olsen.

RE: SB 347

This is a letter to express my support for SB 347. I am the Director of an outpatient substance abuse treatment program in the small community of Petersburg. SB 347 would assist our community by allowing the municipality the opportunity to adjust the tax on alcohol to reflect the community's wishes. The City of Petersburg supports our program with City monies. This bill would allow the municipality to make a "choice" as to the amount of tax on alcohol, be it higher, lower, or equal to, other taxes in the community.

This concept has been discussed in Juneau for a few years. I have spoken to our city officials concerning this concept over the last couple of years and they have expressed the opinion that any bill that gives them greater control over taxation can only benefit this city. Please consider that southeast Alaska is facing great economic upheaval at this time. Logging monies are nonexistent, and fishing profits are lower every year. Our local communities are losing citizens and local governments are losing fish taxes as well as property taxes as people move from the region. This bill would allow them a "choice" in setting the tax level on alcohol in their community. Choice is a good thing, and would allow them to adjust taxation to reflect community needs and wishes.

I am sorry I cannot attend the meeting in person or by telephone. I can be reached at the above numbers if you have any questions about Petersburg or my support of this bill. Thank you for the opportunity to provide input on this issue.

Sincerely,

Larry King, CAC II, NCAC I, CCS
Program Director



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907)586-1325, Fax (907) 463-5480

March 13, 2002

Senator Dave Donley, Chair
Senate Finance Committee
State Capitol
Juneau, AK 99811

Dear Senator Donley:

Thank you for the opportunity to comment on SB 347 to increase the wholesale tax on alcohol and allow voters to increase local sales tax on alcohol. We support your efforts to provide a way to raise revenue in order to combat the many negative effects of alcohol in Alaska. We also believe that local voters should have the option to allow higher alcohol taxes in their communities to help offset alcohol related expenses.

The Alaska Municipal League and the Alaska Conference of Mayors 2002 Policy Statement adopted by the full membership in November 2001 states:

Part I Revenue and Finance:

State Alcoholic Beverage Wholesale Tax: The League's position is that if the state increases the wholesale tax on alcohol, the increase shall be shared equitably with municipalities for programs that mitigate the impacts of alcohol consumption based on the proportion of local vs. state expenditures for public safety and alcohol treatment.

Tax Levying Authority: ... The League supports legislation to remove the prohibition in AS 4.21.010. c. that prevents local voters from approving a special tax on alcohol.

Part III. Local Government and Public Services:

Alcohol Issues: The League supports an increase in the alcohol tax at the wholesale level to help fund the inherent cost to the public of alcohol abuse, and the League supports that the resulting tax increase be returned to communities.

We appreciate your willingness to tackle the tough issues facing our state. While introducing new taxes is always difficult, the alternative of spending the entire savings account will be even worse for our citizens. If we can assist you further, please let me know.

Sincerely,



Kevin Ritchie

Executive Director

re: SB347 - thank you!

Subject: re: SB347 - thank you!

Date: Wed, 13 Mar 2002 21:54:56 -0900

From: "Michele Czajkowski" <michelec@gci.net>

To: <Senator_Dave_Donley@legis.state.ak.us>

Dear Senator Donley,

Thank you for sponsoring SB347. I will be unable to testify during tomorrow's hearing, but I did e-mail my comments to you and the other members of the Senate Finance Committee.

Respectfully,

Michele Czajkowski

March 14, 2002

TO: All members of Senate Finance Committee
RE: **Senate Bill 347**

PLEASE SUPPORT THIS BILL. THIS IS A FAIR, STRAIGHT-FORWARD TAX.
DRUG ABUSE IS OUR NUMBER 1 SOCIAL PROBLEM. LET THE USERS
CONTRIBUTE TOWARD REDUCING IT.

Dixie Landenburger
Box 274
Seward, AK 99664

Note Re: Municipal options for Alcohol Tax.

SB 347

The City of Galena is a progressive community that wants to get things done.

They are known for finding ways to solve problems locally if possible.

In 1996, there was no local police department here. There were two troopers who covered so much territory that they were seldom in town and had no patrol time.

The City Council decided to hire a secretary for them in the hopes that they would then find some time to patrol locally. We paid for the position for one year but still did not get any local patrolling done by the Troopers.

So we hired our own policeman. Finding the funds is difficult. This is particularly true since over the past ten years our share of State revenues has decreased dramatically.

We still have an Ordinance on our Books to charge additional sales taxes for the sale of Alcohol. But we can not enforce it. We are not asking for the State to "give us a grant" for police services. Or to place more Troopers here. We are only asking that we be allowed to determine locally what is a fair tax on the sale of this commodity.

We don't expect the state to 'fix' our problem. We hope you won't prevent us from finding our own solution.

Marvin Yoder

Subject: alcohol tax - municipal prohibition

Date: Fri, 15 Mar 2002 17:10:47 +0000

From: "tom morphet" <tommorphet@hotmail.com>

To: Senator_Dave_Donley@legis.state.ak.us

Sen. Donley:

I was excited and surprised to hear on the news today that your version of the state alcohol tax includes removing the prohibition on municipal alcohol taxes.

In Haines, where I've lived for 15 years, we pay a 1 percent general SALES TAX to provide ambulance service, although many, if not most, ambulance calls are for alcohol-related incidents. I was looking into getting this tax shifted onto alcohol in Haines last year when I ran into the state's prohibition on municipal alcohol taxes.

I was further disappointed to find out that Rep. Murkowski's House bill originally included allowing municipal alcohol taxes, but that this section was dropped from her bill early on. (I think it was during her bill's first committee hearing.)

Obviously, cities should be able to impose their own taxes on alcohol, especially in rural Alaska where alcohol is a big portion of retail sales and also a huge cost, economically and socially, to communities.

Also, at a time when municipalities are crying for money, it's important that the Legislature not handcuff them from raising money to pay for their needs, at they see fit. The prohibition on municipal liquor taxes was bad policy, bad leadership and bad law, and it should be exposed as such.

I would gladly testify on this matter as a concerned citizen. I might be able to recruit the former City of Haines Mayor, who is a retired state trooper, to testify on it as well.

Thank you for time.

Sincerely,

Tom Morphet
(907) 463-1256

Get your FREE download of MSN Explorer at <http://explorer.msn.com/intl.asp>.

Subject: Fw: SB 347

Date: Thu, 14 Mar 2002 10:52:27 -0900

From: "Leigh Carrigan" <carrigan@gei.net>

To: <Senator_Dave_Donley@legis.state.ak.us>

3/14/02

To: Senator Donley and the Finance Committee,

Please vote for SB 347. Its the right thing to do. I know the money goes into the general fund. We need new renewable sources of revenue to go into the general fund. We have depended on the oil industry far too long to carry the load. They just announced they are no longer contributing to political campaigns. They are talking about pulling out of Alaska. The state makes it difficult to do business here, they have other fields producing at higher margins in a less restrictive business atmosphere.

On the other hand the alcohol industry is marginally taxed on the resource they use, which is our people. They make a huge profit selling their product, cause an incredible amount of destruction, take their profits outside, do not reinvest in the community, nor do they mitigate the damages. The tax payers are paying for the damages and I for one am tired of it.

In Anchorage 68% of our property taxes go for public safety. Fire, Police and emergency responders. Last time I checked with Walt Monegan 78% of police calls are alcohol related. You all are talking about cutting money from budget of departments that contribute to our quality of life. When I hear that the park service is projecting closing parks and the city of Anchorage couldn't afford to pay a life guard for Jewel Lake last summer I get upset. Not to mention Denali Kid Care and Mental Health reductions. Now we are talking about the health and safety and our children.

It is morally wrong to allow an industry to profit off the residents in our state and not expect them to contribute. We elected you to make decisions for us on our behalf. **You are the finance guys, compute this:** Compare Phillips or BP with the largest wholesalers. Where are the legislators demanding compensation for the alcohol industry's use of the resource? Where is the 6 million dollar corporate funding program that supports the non-profits who treat the addicted, comfort the grieving DUI survivors, support the mentally ill and provide services for our FAS and FAE babies? That doesn't even foot the bill. Lifetime services for an FAS child costs the state 1.3 million dollars. Forty five women could go through the most expensive treatment program for that cost. Where are the industry watchdogs that police the industry so the resource does not get destroyed? The Exxon Oil Spill (alcohol related) cost how much to clean up? Yet we are experiencing in our state a disaster far greater than the oil spill. The highest rates of FAS/FAE and suicide in the nation, just to mention a few. BP, Phillips, taxpayers, everyone else is stepping up to the plate to address these problems caused by an industry that just takes the cash and runs for the border. Can we get some equity here? I get the feeling income tax is around the corner. I am ok with that....as long as everyone and every industry pays their fair share.

Alcohol is legal. People are going to drink it. Its a renewable source of income for the state of Alaska. Its irres- sible to ignore that. We are watching you. Are you the strong leaders we need to guide us into the future? People do what you expect them too. We need you to expect the alcohol industry to be good corporate citizens. With the oil industry packing their bags we cannot afford to let them slide any longer. Please pass the alcohol tax, SB347, its time.

Leigh Carrigan
Mother of six children
registered voter
25 year resident of Alaska
PO Box 220684
Anchorage, Alaska 99502
277-4771

Subject: SB347

Date: Thu, 14 Mar 2002 16:00:15 -0900

From: "Allen Bailey" <allen@lawofficeamb.com>

To: <Senator_Dave_Donley@legis.state.ak.us>

CC: "Howard Fletcher Scaman" <catalyst@alaska.com>

Dear Dave,

As a former prosecutor who is quite aware of the cost to our community of alcohol abuse, I strongly support the enactment of SB347, providing for significant increases in taxation of alcoholic beverages on both state and local levels. As you may already know, I am working with the Coalition on Alcohol Abuse and Public Safety (CAAPS) and the Dimes a Drink Coalition on this issue.

One suggestion I have, however, is that your committee change the means of taxation from a sales tax to an excise tax. That would, on both state and local levels, permit the tax to be indexed to beverage price increases and would be a more efficient means of collecting the tax. It would also avoid the difficulties a sales tax would present to the Alaska business people who are licensed to sell alcoholic beverages.

Allen M. Bailey
310 K Street, Ste. 400
Anchorage.

CAAPS *Council on Alcohol Abuse and Public Safety-Alaska*
Box 23007 - Juneau, Alaska 99802 - (907) 586-3032 - caaps@alaska.net

ADVISORY SB 347

We recommend:

That coalition participants fully support and encourage passage of the 10 cent per drink add-on to the current flat fixed 1983 alcohol excise tax rates which is the principal component of this bill. It matches the rate currently being considered by the House.

That coalition participants express appreciation and thanks to the Senate Finance committee for their bipartisan support for that 10-cent add-on component.

Those participants fully support the concept of allowing municipalities the discretionary authority to raise local revenue by taxing alcoholic beverage consumption. We suggest however that this sales tax issue is much more complex. And the component which authorizes a differential sales tax, would face what we believe would be insurmountable (and perhaps justifiable) opposition from local Alaskan licensees.

It is our belief that tying the two very different issues together in the same legislation greatly reduces the current opportunity for long overdue passage of a substantial, long overdue, badly needed, effective and popular adjustment to the state alcohol excise tax rate.

That participants encourage the Senate Finance Committee to put the issue of local municipal authorization into a **separate piece of legislation** which may be examined and debated on it's own and unique merits.

That participants encourage the Senate and House to consider the somewhat unusual but very efficient option of authorizing municipalities to collect revenue through the state of Alaska excise tax system which causes no economic hardship to local Alaskan licensees, rather than a differential sales tax.

We suggest that participants reiterate thanks and support for both components of the bill That you encourage the Senate to separate the state alcohol excise tax rate adjustment, and the much more complex, politically sensitive, and controversial authorization for a differential sales tax for municipalities component, into two separate and distinct bills. And, consider in depth the advantages of allowing the municipalities to use the very effective and efficient alcohol excise tax system. This is a very simple and effective solution but it is an unusual method of revenue generation, which is only applicable in a very limited number of situations.

CAAPS has detailed and extensive information on the excise tax authorization method of local revenue generation and would be happy to share that information with any interested parties. (Alaska utilizes a similar system of collection of local taxes by the state, for municipalities right now.)

Thank you!

Moderating alcohol abuse and violence through public policy information





Alaska CHARR 1111 East 8th Ave., #3 Anchorage, AK 99518

March 14, 2002

Senator Dave Donley
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Re: SB 347 – Alcohol Tax

Dear Senator Donley:

As the chairman of Alaska CHARR (Cabaret, Hotel, Restaurant & Retailers Association), I convey our trade organization's opposition to Senate Bill 346, currently before the Senate Finance Committee.

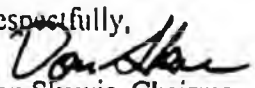
The hospitality industry has shown its solidarity in requesting a comprehensive fiscal plan to be formulated prior to any targeted taxation on specific industries within the state. Since Alaskans already pay one of the highest taxes for alcohol in the nation, and our state constitution prohibits placing tax revenues into a designated fund, an alcohol tax on our industry will burden responsible consumers and have little affect or impact, if any, on curbing alcohol abuse in the state.

I'm sure you are aware of the enormous size of the hospitality industry in Alaska, with over 3,000 employees and revenues exceeding \$50 million. The state annually collects \$12 million in revenue from the existing excise tax on alcohol beverages and another \$25 million is generated from other local, state and federal fees and taxes on alcohol.

To now suggest that this tax is fair and ripe for installment because of our looming \$1.1 billion deficit in the state budget is short-sighted. On the contrary, it is the antithesis to a pro-business mentality and will no doubt cause a conflagration of chip-away taxation that will not address the problem in its entirety. Furthermore, the budget benefit of a targeted tax is outweighed by inequity and unfairness to our industry and responsible patrons.

Alaska CHARR implores you to delay passage of this bill and amalgamate the intent into a broader, comprehensive fiscal plan that covers all industries and services uniformly. Ultimately, Alaskans desire efficient government at a reasonable cost. SB 347 will not accomplish this end.

Respectfully,


Don Skewis, Chairman
Alaska CHARR

17345 Glacier Hwy
Juneau, AK 99801
March 14, 2002

To: Members of the Senate Finance Committee

Re: SB347/long range fiscal plan

I urge you to pass this bill at no less than 10 cents/drink. It will be one more Arrow in the quiver for use in reducing the cost to the state of the problems Caused by excessive use of alcohol. It will not be a burden to moderate drinkers. An increase in cost is a deterrent to many underage drinkers and even to certain overage Drinkers.

Furthermore, I encourage you to come up with a viable long range fiscal plan so That we do not have these emergency periods every year leading to ill considered Cuts, uncertainty of personnel and difficulties in retention of skilled workers. I am well aware that your job is a tough one-but here is my two cents.

Sincerely,

Anne E.. Kinter

Cc: Reps. Hudson, Kerttula, Murkowski, Rokeburg, Sen..Elton

PK
Anne Kinter

Purposive changes in alcohol policy do **not** only affect moderate or non-dependent drinkers:

alcohol policy changes often especially affect problematic drinkers

Some examples of differential effects of dramatic alcohol policy changes:

Country, date, policy change	change in total consumption in next year	change in alcohol problem indicators	
		indicator	change in next year
<u>Denmark. 1917:</u> huge increase in spirits taxes, some increase in beer taxes	-76%	cases of DTs (Delirium Tremens)	-93%
		chronic alcoholism deaths	-83%
<u>Sweden. 1955:</u> abolition of <i>motbok</i> (alcohol rationing)	25%	cases of DTs	438%
<u>Finland. 1969:</u> beer into grocery stores	46%	deaths from alcohol-specific causes	58%
<u>Russia. 1985-88:</u> less availability in anti-alcohol campaign	-34%*	deaths from alcohol-specific causes	-54%*

*comparison 1987 vs. 1984. Change in total consumption includes estimated change in unrecorded consumption.

Sources: Denmark: Bruun et al., 1975
 Sweden: Norström, 1987
 Finland: Österberg, 1979; Tryggvesson et al., forthcoming
 Russia: Shkolnikov & Nemtsov, 1997; Leon et al., 1997

Delia Culpepper culpepperd@gci.net

SB 347

**Public
Testimony**

Oppose

Testimony SB347/ HB225

To: Senate Finance Committee
CC: Sara Wright, secretary
From: Ed O'Neill / Brown Jug, Inc.
Date: 03/15/02
Re: WORKING TOGETHER

Brief summary of an Alaskan small business

Started in the Alaska alcohol industry in 1937 as a family business.

Awarded national retailer of the year 1967, beverage retails category; with community involvement, a key point.

Brought the beverage-training course (TAM) to Alaska, pushed it along until it became state law.

Shared and implemented original law limiting beverage alcohol to the bush.

Created a way of empowering all Anchorage licensees to assess a \$ 1,000 civil penalty on minors entering a beverage alcohol establishment; now state law.

Spearheaded ARBRA Group "Anchorage Responsible Beverage Retailers Association" which funds \$ 6,000+ each year of beverage related trash pick-up, managed by Brown Jug. Please note attached memo dated 12/19/01.

Points for consideration after noting Tax Free "Beverage of Choice" mentioned in ARBRA memo. (Lots of physical evidence and photo's to prove horrific severity of issue)

- 1) Cost of social problems and management of wishful solutions is way up.
- 2) Consumption of "Legal" alcohol beverage use has leveled in comparison.
- 3) Wanting to share with beverage industry solutions or potential solutions to manage problem is rare if ever.
- 4) The industry is and will always be generous with material as well as management skill; and solutions that include accountability for all concerned. (Charging for CSP pick-ups etc. etc.).
- 5) Working together for a constructive plan comes first. This tax issue as concocted now is a waste of valuable time.
- 6) People are close to death or dying with empty mouthwash bottles all around them and nothing is being done to control access to a product that has a higher alcohol proof than wine and beer. With all the money being spent on administrative expenses, why aren't some of these administrators going out on the street and doing one on one intervention. Then we might actually see some good being done with the money that is spent.

I have been blunt, with may offend some, but I am tired of the second class treatment this industry receives after putting forth a lot of effort.

The problem is purely social one we should all be working on together.

Singling out one industry is a lazy excuse; gather then constructive creative dialog we must all share for intelligent responsible ideas and solutions.

SINCERELY 

3/15/02 (2)

ARBRA

ANCHORAGE RESPONSIBLE BEVERAGE RETAILERS ASSOCIATION

Ed - just got a chance to read this. Good news! And thank you for all your efforts! ME 2/12/02

Members

Lowell Shinn

Ed O'Neill

Bob Klein

Brown Jug, Inc.
533-3015 x225

Tim Schrage

C & D Liquor
277-2214

Clean Puterson

Joyce Huccland

CARRS / Safeway
555-7100

Mika Howitt

Jack Mullenkamp

Fred Meyer
277-1700

Bridget Thompson

Spirit of Alaska
212-0430

Mike Darcy

Tosoro 2 Go
533-2711

Carroll Finney

Aleena Finney

Mary Finney

Martin Pault

Value Liquor
244-6253

Daryl Davis

Williams Express
273-3310

Memorandum

Date: 12/19/01

To: ARBRA Members and Associates

From: Ed O'Neill

RE: **Community Council ARBRA Presentations.** (display the ARBRA Carr's vests)
(presenter - do not forget the timely "good neighbor" soft drinks and cookies !!)

• **Tonnage Clean-up** (thanks to Bean's cafe' for the casual labor at \$7.00 per hour)

An aggressive "ARBRA" effort is and continues to be made policing clean-up after the street people / panhandling / inebriate problem city wide. Approximately four tons of trash(all types) has been picked-up and hauled to the dump this season by ARBRA crews.

• **Mouthwash** (becoming the beverage of choice; no law or tax to deal with this issue)

Our efforts to limit & / or cutoff sales to those we feel are abusing the product by their behavior has resulted in 40% (160 units) of alcohol related trash being mouthwash this past season. Primary source are Mid-Town big box stores with minimal control on it's sale. Please note the average alcohol proof is 20° for Wine, 12° for Ico Beer, 80° for Liquor and 54° proof for Mouthwash at \$2.17 a 1.5 Liter plastic btl. (cheapest, deadliest affect) .

• **Underbrush** (thanks to state, city and private owners for clearing permission)

Drinking camps have proven to be a serious danger to the inebriates and the surrounding neighborhood due to behavior and unsightly conditions. The removal of underbrush has been effective. We've addressed New Seward and Northern Lts., 10th and E Street alley, North Star School, Naturo Trail, Barrow at 27th, North of Carr's Huffman, North of Value Liquor on Dimond and Centennial Park off Muldoon. Underbrush removal was completed across from Aurora Village Center in late May. Underbrush removal will be a major focus in Spring north of Fireweed on the east side of A Street with wood chipping & follow-up clean-up wherever needed on the above.

Associates

• **Panhandlers** (thanks to St. Francis House and the "tokens for food donation boxes")

John McManis

Calaf's Company, Inc.

Before the panhandling begins on any given day; they're being well fed and clothed in this more than generous City and State. When the panhandling starts; they'll receive an abundance of cash in a very short time to fulfill their alcohol needs from store customers with good intentions, ending in a devastating result (share photo's). In order to discourage money for panhandlers, St. Francis food tokens are available at the members cash-out counter donation box. It's also encouraged to supplement the token with a snack food item when panhandlers are in the area. The main focus is a public awamess of not giving cash to inebriates. Food pick-up, 3710 East 20th Ave. (bus route #45) . Open Mon.-Thru. 1-4pm.

Race Jones

Can AD

Shirlean Ernauf

Cuffay & Associates

• **HOT LINE** addressing the above problems and solutions: Ed @ 563-3815 x225.

Sireen Dorcharding

Gold Cache Dingo

Sincere thanks to all members and associates for covering the above costs; and especially Muni's Fred Fulgencio Community Work Service Programs guidance and his able-bodied crew.

John Jowerski

Northwind Refrigeration

Team Spirit, For A Safer, Friendlier, Appealing City!

Leo von Schibun

USKH

Ed O'Neill
Ed O'Neill Brown Jug, Inc.



Alaska State Chamber of Commerce

Position 2002 - 4

Opposing an Increase in Alaska's Alcohol Excise Tax

The Alaska State Chamber of Commerce opposes an increase in the Alaska Alcohol Excise Tax until a comprehensive solution to the State's fiscal problems is adopted by the legislature.

Rationale:

The Alaska State Chamber has always advocated for responsible fiscal policy at the state level. At the same time, our state continues to have a serious and growing fiscal problem. All businesses and economic sectors can play a part in the overall solution, but arbitrarily singling out individual sectors of the economy for tax increases without first addressing the underlying issues necessary to balance the state's budget is poor public policy.

Beverage alcohol is already the most heavily taxed consumer product in the United States and Alaskans currently pay some of the highest beverage alcohol taxes in the nation. Current legislative efforts to increase excise taxes on alcohol products by more than three hundred percent (300%) are unreasonable and will do nothing to cure the state's alcohol problems. While Alaska's alcohol problems deserve attention, it is an issue best addressed in a comprehensive manner, not just through tax increases.

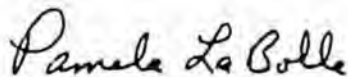
Alaska's constitution prohibits revenues from being dedicated for a specific purpose. That means that higher alcohol taxes will go into the general fund where they can be spent on unrelated items. One has only to look at how the state is spending the tobacco settlement money to know that it is going for government operations, not smoking prevention, as intended.

The Alaska State Chamber is concerned that tax increase proposals will seriously jeopardize the future of many small businesses, which play a vital role in our state's economy. Both nationally and locally, the hospitality industry is reeling from the current economic slow down as fewer Americans travel, dine out or entertain outside the home.

ADOPTED

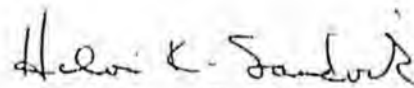
November 1, 2001

BY



Pamela La Bolle
President

BY



Helvi Sandvik
Chair

Butch Tarantay / Tarantay
 Health Technology
 Cent. Tech, Inc. - OJOM Corporation
 Ten cents in tax increase IS NOT ten cents for the consumer!

The label "10 cents per drink" is a deception by proponents of an alcohol tax increase, because it implies the cost of a drink for the consumer's purchase would only increase by a dime. This ignores the sales process that takes place between the imposition of the alcohol tax upon entering the state and the product's final destination to an Alaska Consumer. Such unrealistic logic would imply that a ten dollar increase in the cost of a ton of iron ore would only raise the cost of a new car by ten or twenty dollars.

Like the many business costs that impact the price of a car, from raw ore to the showroom floor, there are many costs that determine the price of a drink.

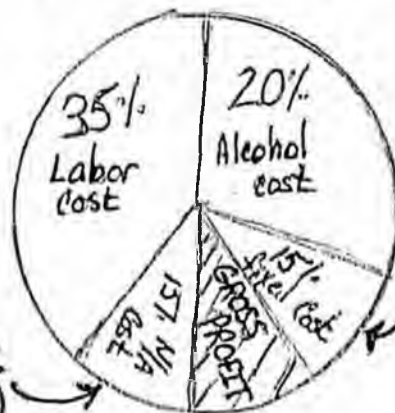
The state controls the sale of alcohol beverages to the public in two legal modes, off premise (retail liquor stores) and on premise (restaurants, bars, and clubs). These businesses operate from the profits produced in the "mark-up" of beverage alcohol that they purchase and sell. The distributors that would first see the alcohol tax also operate on a mark-up. As a general marketing principal, all business operates this way. Government is the only business that is not required to generate a profit in order to continue its existence. Various mark-up percentages are involved by each different business that buys or sells the newly taxed alcohol. Before the consumer has a sip!!

Twenty percent pour cost

State law requires that a "drink" be sold for consumption in licensed, on premise business. How does the new tax increase affect the cost to consumers in bars and restaurants? After the distributor bumps that dime up ten or fifteen percent, the on premise business must try to average a twenty percent pour cost. This means they must charge five times the cost of the alcohol in establishing the sale price of the drink. "A HUGE MARK", you cry? What business are you in? Retail furniture has higher mark-ups. What do you suppose the mark-up is on those crafts and trinkets that the tourists buy? What does it take to keep your business profitable? The bar business is very expensive to get into, very labor intensive to operate, and requires large space and promotion cost. To support all this cost and expense, the owner relies only on the drink sales dollar.

Drink Sales Dollar

- 15% fixed cost
- 20% alcohol cost
- 35% labor cost
- 15% non alcohol
- 15% gross profit



Mix, Supplies, Snacks,
 Paper & glassware, cleaning
 & other supplies ... ect.

{ Lease Space, Utilities, Repairs }
 { fixtures, License & fees ... ect }

From the 15% gross profit, the bar owner must pay other operating expenses like taxes and insurance, advertising and promotions, improvements and replacements, and debt service. A successful business might return 2%-5% net profit from 20% average pour cost on alcohol beverage sales.

If all alcohol beverages could be purchased at the same cost and marketed with the same 20% pour cost at sale, the "ten cent drink tax" would be fifty or sixty cents added to the bar customers drink. Unfortunately, the many types and prices of alcohol beverages further complicate the sales price. In order to average 20% and maintain competitive and marketable products; the bar must put a much lower mark-up on expensive, "top shelf" items, in order make them sell.

The less expensive "well drinks", draft beer and other items must have a higher mark-up to provide the profit percentage that will bring average pour cost in at around 20%. The "ten cent drink tax" will raise the cost of these items to the bar owner by the highest percentage, because it is set by volume. The sixty dollar case of generic vodka now costs the bar ninety dollars. A fifty percent increase in the cost of the most high volume, high profit item the bar sells. A thirty dollar increased cost in the four hundred dollar case of scotch doesn't impact quite as greatly.

When the on premise business owner examines his sale dynamics after the "ten cent drink tax" takes effect, he will find that he must raise his drink prices \$1.00 to \$1.50 to keep his business profitable. How will this 25%-30% consumer cost increase affect sales in a business that has seen steady declines for ten years? When our summer visitors come, how will our prices compare to their hometown down south? This tax will have drastic impacts on our tourist and hospitality markets.

Subject: [Fwd: Objection to Alcohol Tax Bill]

Date: Thu, 14 Mar 2002 08:54:54 -0900

From: Senator Dave Donley <Senator_Dave_Donley@legis.state.ak.us>

Organization: Alaska State Legislature

To: Mindy Rowland <Mindy_Rowland@legis.state.ak.us>

Subject: Objection to Alcohol Tax Bill

Date: Wed, 13 Mar 2002 15:48:58 -0900

From: "Lowell Shinn" <lshinn@brownjug.alaska.net>

To: "Alan Austerman (E-mail)" <Senator_Alان_Austerman@legis.state.ak.us>,
"Dave Donley (E-mail)" <Senator_Dave_Donley@legis.state.ak.us>,
"Donny Olson (E-mail)" <Senator_Donny_Olson@legis.state.ak.us>,
"Gary Wilken (E-mail)" <Senator_Gary_Wilken@legis.state.ak.us>,
"Jerry Ward (E-mail)" <Senator_Jerry_Ward@legis.state.ak.us>,
"Loren Lemman (E-mail)" <Senator_Loren_Lemman@legis.state.ak.us>,
"Lyda Green (E-mail)" <Senator_Lyda_Green@legis.state.ak.us>,
"Lyman Hoffman (E-mail)" <Senator_Lyman_Hoffman@legis.state.ak.us>,
"Pete Kelly (E-mail)" <Senator_Pete_Kelly@legis.state.ak.us>

Dear Senator,

I object to the proposed excise tax increase and the additional SB 347 provision authorizing product specific sales taxation by municipalities.

A 300% increase in any tax is not fair or reasonable. Could any of your businesses stand this?

Increasing beer taxes to 591% of the national average, wine taxes to 460% of the national average and liquor taxes to 508% of the national average, is not reasonable.

Why should Alaskans have to pay five to six times more in alcohol tax than the rest of the country?

On top of the state taxes, the SB 347 opens the flood gate to more municipal taxes on a already heavily taxed product. If you are going to allow product specific sales taxes on alcohol, then why not fat foods too? Where does the government stop trying to legislate morality?

Please vote against SB 347.

Lowell Shinn
President
Brown Jug, Inc.

Subject: [Fwd: SB 447]
Date: Thu, 14 Mar 2002 08:54:20 -0900
From: Senator Dave Donley <Senator_Dave_Donley@legis.state.ak.us>
Organization: Alaska State Legislature
To: Mindy Rowland <Mindy_Rowland@legis.state.ak.us>

I imagine there will be a couple more of these.

Thanks,

Sara

Subject: SB 447
Date: Wed, 13 Mar 2002 18:19:42 -0800
From: Joel Kadarauach <jkadarauach@Odomcorp.com>
To: "Senator_Dave_Donley@legis.state.ak.us" <Senator_Dave_Donley@legis.state.ak.us>

Dear Senator Donley,

I appreciate the complexity and difficulty of the fiscal dilemma currently facing the Alaska legislature. A 300% excise tax increase and accompanying provision to allow unlimited municipal sales taxes on alcoholic beverages as provided in SB 347 however is, in my opinion, beyond a reasonable component of any solution.

I truly believe that the Hospitality industry feels the need to be constructively involved in a comprehensive fiscal solution. Every Alaskan should. However, the incremental revenue produced by this bill would; 1) provide next to nothing in relation to the overall billion dollar gap, 2) do nothing to directly address the societal problems associated with the abuse of alcohol, and, 3) most surely produce disastrous effects felt by all businesses and people within this industry.

Further, from my point of view of an "average" consumer, the \$13.99 case of Miller Lite beer bought at Safeway has the distinct likelihood of becoming a \$25 purchase. Similarly resulting increases on wine and spirits are even more "dramatic", and paint a far different picture than the seemingly innocuous "10 cents a drink" sound-byte with which we've all been conditioned.

Alaska's fiscal predicament needs a solution which although perhaps painful to all, is equitable to all, as well. A three-fold tax increase on a single and already highly-taxed industry would certainly be onerous, even if constructive. And the fact is that it promises absolutely no solution at all.

Sincerely,

Joel Kadarauach
Odom Company &
Coca Cola of Alaska

Joel Kadarauach
jkadarauach@odmcorp.com