

**Oppose the Craft Beverage Modernization and Tax Reform Act of 2019**  
**S. 362/H.R. 1175**

December 9, 2020

Dear Member of Congress:

Center for Science in the Public Interest, Consumer Federation of America and U.S. Alcohol Policy Alliance write to express our opposition to the extension of tax cuts in the Craft Beverage Modernization and Tax Reform Act of 2019 (S. 362/H.R. 1175), which was included in the Tax Cuts and Jobs Act of 2017 and is due to sunset on December 31, 2020.

Sold to the public as a bill to help small business, these cuts are instead a massive windfall for the largest alcohol companies, with only around five percent of the tax cuts benefitting actual craft brewers or distillers.<sup>i</sup> The bill dramatically reduced total federal alcohol excise taxes, and its passage has come at a time when alcohol-related deaths are on the rise and federal revenue has declined precipitously as a result of the COVID-19 pandemic. For the sake of public health, Congress should not extend these misguided tax cuts.

The costs associated with the CBMRTA go well beyond its \$1.1 billion annual impact on federal revenues. Experts have estimated that the tax cuts increase consumption of alcohol, thereby causing between 280 and 660 additional motor vehicle deaths a year and approximately 1,550 total alcohol-related deaths annually from all causes.<sup>ii</sup> CDC researchers estimate the costs (of healthcare, policing, property damage, lost productivity, etc.) to government and society as a whole associated with excessive alcohol consumption at \$2.05 per drink, or \$175 per proof gallon.<sup>iii</sup> By contrast, the federal tax on distilled spirits under current law (without the 2017 tax cut) is \$0.16 per drink at \$13.50 per proof gallon.<sup>iv</sup>

The tax cuts also have implications for underage drinkers. Although underage drinking has been falling in recent years, alcohol is still the number one drug among youth,<sup>v</sup> and according to CDC causes roughly 3,400 deaths among people under 21 every year.<sup>vi</sup> Youth are particularly price-sensitive, and studies have found that lower alcohol prices are associated with more drinking and more alcohol-related problems among young people.<sup>vii</sup>

Consumers agree that federal alcohol excise taxes should be higher, not lower. According to survey data, seventy-one percent of Americans support a five cent per drink increase in federal alcohol taxes.<sup>viii</sup> When asked whether they prefer raising alcohol taxes or cutting social programs as a way of offsetting the budget deficit, a whopping 79% of respondents favor the alcohol tax increase. Even 68% of Republicans surveyed and 70% of drinkers would support raising alcohol taxes over cutting programs such as food stamps, Medicaid, and drug benefits for the elderly.

The alcohol industry has suffered far less than many other sectors during the COVID-19 pandemic. Market analysts have predicted that the alcohol industry is expected to see volume growth of 2% in the United States this year, suggesting an increase in consumption in line with 2019 trends.<sup>ix</sup> While it does not appear that COVID-19 has impacted overall consumer demand for alcohol, social isolation has created new potential for alcohol abuse among certain population segments. According to survey data presented recently in the *Journal of the American Medical Association*, women reported drinking excessively more often during a period in May and June of 2020 compared to a year prior.<sup>x</sup> This raises serious concerns considering that the toll of alcohol abuse on public health before the pandemic had already reached staggering levels. In

October, CDC researchers revealed that over 95,000 Americans die from alcohol-related causes each year due to excessive alcohol use—an increase of more than 7,000 deaths per year from the previous tally.<sup>xi</sup>

Rather than increase the availability of alcoholic beverages, and contribute to further damage to public health, Congress should act to give consumers the information they need to make better choices for themselves around alcohol consumption. In particular, Congress should pass legislation to update the health warning statement on alcoholic beverages to increase consumer awareness of the link between alcohol and cancer. Although alcohol consumption represents the third largest contributor to cancer cases in the United States (behind smoking and obesity),<sup>xii</sup> surveys indicate that fewer than half of U.S. adults know that alcohol increases cancer risk, and that level of awareness may actually be declining.<sup>xiii</sup>

We urge you to oppose any effort to extend tax cuts for the alcohol industry. Please reach out with any questions about this letter to Sarah Sorscher, Deputy Director of Regulatory Affairs at Center for Science in the Public Interest, [ssorscher@cspinet.org](mailto:ssorscher@cspinet.org), 206-852-0957.

Sincerely,  
Consumer Federation of America  
Center for Science in the Public Interest  
U.S. Alcohol Policy Alliance



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<sup>i</sup> See Adam Looney. “Who Benefits from the “craft beverage” tax cuts? Mostly foreign and industrial producers.” (Jan. 3, 2018) *available at*: <https://www.brookings.edu/research/who-benefits-from-the-craft-beverage-tax-cuts-mostly-foreign-and-industrial-producers/>; *citing* Alcohol and Tobacco Tax and Trade Bureau, Number of Brewers by Production Size – CY 2016, *available at*: [https://ttb.gov/statistics/production\\_size/2016\\_brew\\_prod\\_size\\_tt\\_b\\_gov.xlsx](https://ttb.gov/statistics/production_size/2016_brew_prod_size_tt_b_gov.xlsx); Alcohol and Tobacco Tax and Trade Bureau, Beverage Spirits Producers and Bottlers by Average Taxable Removals in Proof Gallons, *available at*: [https://www.ttb.gov/foia/xls/beverage\\_spirits\\_producers\\_bottlers\\_average\\_taxable\\_removals\\_proof\\_gallons.pdf](https://www.ttb.gov/foia/xls/beverage_spirits_producers_bottlers_average_taxable_removals_proof_gallons.pdf); *see also* Wine Business Monthly, “The WBM 50 List,” (Feb. 2018) *available at*:

<https://www.winebusiness.com/wbm/?go=getArticle&dataId=194812> (“Though there are now 9,654 wineries in the U.S., the WBM 50 companies represent more than 90 percent of domestic wine sold by volume.”).

<sup>ii</sup> See Adam Looney. “Measuring the loss of life from the Senate’s tax cuts for alcohol producers.” (Nov.22, 2017) *available at*: <https://www.brookings.edu/research/who-benefits-from-the-craft-beverage-tax-cuts-mostly-foreign-and-industrial-producers/>

<sup>iii</sup> See Parry, Ian W.H., Ramanan Laxminaraya, and Sarah E. West, “Fiscal and Externality Rationales for Alcohol Taxes,” Resources for the Future Discussion Paper, April 2009; Sacks et al. “2010 National and State Costs of Excessive Alcohol Consumption” *American Journal of Preventive Medicine*. (Nov. 15), *available at*: [https://www.ajpmonline.org/article/S0749-3797\(15\)00354-2/fulltext](https://www.ajpmonline.org/article/S0749-3797(15)00354-2/fulltext)

<sup>iv</sup> Looney (2017), *supra* note 2.

<sup>v</sup> Substance Abuse and Mental Health Services Administration. Key Substance Use and Mental Health Indicators in the United States: Results from the 2019 National Survey on Drug Use and Health. (2020) Rockville, MD: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration.

<sup>vi</sup> Centers for Disease Control and Prevention. Alcohol-Related Disease Impact Software. National Center for Chronic Disease

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Prevention and Health Promotion, Division of Adult and Community Health. (2020)

[https://nccd.cdc.gov/DPH\\_ARDI/default/default.aspx](https://nccd.cdc.gov/DPH_ARDI/default/default.aspx).

<sup>vii</sup> Xuan Z, Nelson TF, Heeren T, *et al.* Tax policy, adult binge drinking, and youth alcohol consumption in the United States. (2013) *Alcoholism: Clinical and Experimental Research*. 37(10):1713-1719; Elder RW, Lawrence B, Ferguson A, *et al.* The effectiveness of tax policy interventions for reducing excessive alcohol consumption and related harms. (2010) *American Journal of Preventive Medicine*. 38(2):217-229.

<sup>viii</sup> Center for Science in the Public Interest. Alcohol Tax Hikes Prove Popular in New Poll. (December 7, 2005)

<https://cspinet.org/new/200512071.html>

<sup>ix</sup> Arthur, Rachel. *Drinks industry performs better than expected in 2020: IWSR analysis*. Beveragedaily.com. (2020, Nov. 12).

<sup>x</sup> Pollard, MS, Tucker JS, Green HD. (2020) Changes in Adult Alcohol Use and Consequences During the COVID-19 Pandemic in the US. *JAMA Netw Open*. 3(9):e2022942. doi:10.1001/jamanetworkopen.2020.22942

<sup>xi</sup> [https://nccd.cdc.gov/DPH\\_ARDI/default/default.aspx](https://nccd.cdc.gov/DPH_ARDI/default/default.aspx).

<sup>xii</sup> Islami F, Goding Sauer A, Miller KD, Siegel RL, Fedewa SA, Jacobs EJ, McCullough ML, Patel AV, Ma J, Soerjomataram I, Flanders WD, Brawley OW, Gapstur SM, Jemal A. Proportion and number of cancer cases and deaths attributable to potentially modifiable risk factors in the United States. *CA Cancer J Clin*. 2018 Jan;68(1):31-54. doi: 10.3322/caac.21440. Epub 2017 Nov 21. PMID: 29160902.

<sup>xiii</sup> Scheideler JK, Klein WMP. Awareness of the Link between Alcohol Consumption and Cancer across the World: A Review. *Cancer Epidemiol Biomarkers Prev*. 2018 Apr;27(4):429-437. doi: 10.1158/1055-9965.EPI-17-0645. PMID: 29615419.