

# Looking for Revenue for Health Reform?

## Tax Soft Drinks and Raise the Taxes on Alcoholic Beverages

Why Tax Soft Drinks?

- More than two-thirds of Americans are overweight or obese.
- Soft drinks are the only food or beverage with a direct link to obesity, which in turn increases the risk of diabetes, stroke, and many other health problems.
- Americans spend roughly \$100 billion a year on medical expenditures related to obesity, of which half is paid with Medicare and Medicaid dollars.

### Soft Drink Tax

Tax	Revenue Over Ten Years
12 cents/12 ounces	\$160 billion
10 cents/12 ounces	\$140 billion
3 cents/12 ounces	\$45 billion

Why Increase the Tax on Alcohol?

- Due to inflation since the last alcohol tax increase in 1991, taxes on alcoholic beverages have fallen some 40%, effectively resulting in an unintended and unwarranted tax cut for alcohol producers and reduced revenue for the Treasury.
- The economic costs of alcohol use in the U.S., more than \$185 billion per year, far exceed federal tax revenues from alcohol, which totaled only \$9.2 billion in 2007.
- Higher taxes on alcoholic beverages will help moderate alcohol consumption, even among heavier drinkers, leading to fewer alcohol-related problems and costs throughout society.

### Alcohol Tax

Tax	Revenue Over Ten Years
Raise liquor taxes 50% and equalize tax on alcohol in beer and wine	\$110 billion
Raise liquor taxes by 20% and equalize tax on alcohol in beer and wine	\$80 billion
Raise taxes by 5¢/drink	\$60 billion