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FOR IMMEDIATE RELEASE: April 3, 2002

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Alaska Alcohol Tax Burden Nation's Lowest **Excise Tax is Only One of Several Taxes Imposed by Other States**

(JUNEAU) – What first looked like a 100-proof objection to raising Alaska's alcohol tax is now looking more like watered-down beer, as research reveals that Alaska's cumulative taxation of alcohol is actually the lowest in the nation, Rep. Lisa Murkowski (R-Anchorage) said today.

Murkowski has sponsored [House Bill 225](#), which would raise Alaska's alcohol excise tax from about 3 to 4 cents tax per drink of beer, wine or distilled spirits by a dime a drink, the first increase since 1983. The bill is an effort to increase alcohol excise tax revenue from \$12.1 million per year to approximately \$34 million per year to help offset the estimated \$250 million to \$483 million annual state costs for alcohol abuse.

"In focusing on just excise taxes, however, we had been overlooking the fact that that is the only state tax Alaskans pay on alcohol," Murkowski said. "Most other states have not only an excise tax, but also general sales taxes, special alcohol sales taxes, and even special taxes for on-premise consumption of alcohol – not to mention special alcohol sales taxes and other levies in many major tourist cities."

Even if Alaska should impose both the 10-cents per drink excise tax increase in House Bill 225 and the 3 percent statewide sales tax being debated in [House Bill 303](#), she said, Alaska's effective tax on alcohol would still be well below the national average.

The national average cumulative tax on alcohol amounts to approximately 30 cents per 12-ounce beer, 32 cents per 5 ounce glass of wine, and 35 cents per 1 ounce of liquor, she said. Many states have much higher rates:

- The highest tax per beer, 93 cents, is levied in Tennessee (13 cents per gallon excise tax, 6 percent state sales tax, and a 17 percent wholesale beer tax);
- The highest tax per glass of wine, 89 cents, is levied in Oklahoma (72 cents per gallon excise tax, 4.5 percent state sales tax, and on-premise tax of \$1 per bottle and 12 percent of the sales price);
- The highest tax per mixed drink, 87 cents per drink, is levied in Tennessee, (\$4 per gallon excise tax, 6 percent sales tax, 15 cents per case and a 15 percent on-premise tax)

"Those who claim House Bill 225 would raise Alaska's alcohol excise tax by 300 percent are technically correct – mathematics proves that adding a dime to a three-cents-per drink tax is 300 percent," Murkowski said. "But mathematics also proves that we would still have the lowest cumulative alcohol taxes in the country, even with dime a drink increase. That's the kind of proof that Alaskans should be paying more attention to."

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Murkowski pointed out that even at an increased rate, the state's alcohol excise tax would come nowhere near compensating the state for the social, economic and personal costs that alcohol abuse imposes on Alaska for police, courts, jails, hospitals, medical care, domestic violence and deaths resulting from alcohol abuse.

"Clearly, it would be very difficult to pass an alcohol tax to fully compensate Alaskans for the approximately \$250 million that alcohol abuse costs us each year," Murkowski said. "Instead, I view this more as a user fee: Those who drink should help bear the costs of their choices."

Murkowski said her bill is an important part of the Republican Majority's efforts to address the problem of alcohol and alcohol abuse in Alaska, and would help provide revenue needed for the expanded treatment, therapeutic courts, diversion programs and other initiatives the Twenty-second Alaska Legislature has passed or is still considering.

HB 225 remains in the House Finance Committee, where it has rested dormant since being tabled Feb. 6.

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ATTACHMENTS: Spreadsheet showing state-by state cumulative taxation of alcohol by excise, general sales, alcohol sales, on-premise, and other taxes; and a fact sheet on comparative taxation rates in Alaska and other states.