



Put In Your 2¢ Worth...

About 2¢ a drink yields \$44 million annually to reduce the impact of alcohol problems in Missouri.

Question:

We have heard that one type of revenue proposal is an “impact fee.” What is an “impact fee,” and how does it apply to proposals for reduction of alcohol-related problems?

Answer:

Smarter government looks for alternative sources to meet public needs, to reduce dependence on General Revenue. An impact fee puts the burden of social cost generated by a certain activity directly on those who engage in the activity. It is a form of “privatization,” since it turns public costs into private costs, so that people and institutions can’t shift the cost of their activity onto others. Applied to consumers of intoxicating beverages, it means that the more of the product one consumes, the more of a share of the public burden he or she assumes.

It is clear that the general public picks up a disproportionate share of the damage which results from alcohol misuse, abuse and addiction. In other words, you and I pay for the damages, whether we drink or not. An impact fee, earmarked for reduction of alcohol-related problems, would offset some of the costs of public services. A smarter, more entrepreneurial government acknowledges that alcohol, “the adult beverage” consumed by all too many underage drinkers, is not an ordinary commodity but an extraordinary commodity, with social consequences that far exceed those of other items purchased and consumed in Missouri.

MISSOURI ALCOHOL IMPACT FACT #5

Economists talk about “failed markets.” The social cost of alcohol misuse, abuse and addiction to the state of Missouri has been estimated at almost \$3.7 billion annually.¹ The total excise revenue collected by the state on all alcoholic beverages is about \$28 million annually, for 138 million gallons of beer, 9 million gallons of wine, and 8 million gallons of liquor or distilled spirits.² Research has shown that only 45% of the burden is borne by the individual drinker. Private insurance pays about 10%, and victims about 6%. State and local governments (financed by our taxes) pick up the tab for 39%.³

1 – Annual Status Report for 2004, Missouri Division of Alcohol and Drug Abuse, Department of Mental Health.

2 – Missouri Division of Alcohol and Tobacco Control, Department of Public Safety, FY2004 report.

3 – The Lewin Group, in *The Economic Costs of Alcohol and Drug Abuse in the United States*, 1998. See also *Reducing Alcohol Use by Missouri’s Children and Youth*, Missouri’s Youth/Adult Alliance, 2002.

THE COALITION BELIEVES THAT THE TIME FOR SMARTER GOVERNMENT IS NOW.

For more information call one of the Missouri’s Alcohol Impact Coalition members below:

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