



For Immediate Release

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Lost In Time: Devalued Alcohol Tax Could Bail Out Cal State System

[Tell Gov. Newsom to raise California's alcohol excise tax to fix Cal State's funding and save student's lives.](#)



SAN RAFAEL, CALIFORNIA (February 29, 2024) [Alcohol Justice](#) is calling on California Gov. Gavin Newsom to bring the state's alcohol excise tax up to modern standards to fix funding for the beleaguered California State University (CSU) system and other educational priorities.

In California, alcohol is taxed at fixed rates per volume produced. This means the tax has lost 55% of its value from inflation since it was last raised in 1992. As of 2022, the state brought in approximately \$429 million in alcohol excise tax revenue. However, simply adjusting the tax for inflation would raise an additional \$523 million more.

"Alcohol taxes are broadly popular, effective at prevention, and can raise significant state revenue with just modest adjustments," said Cruz Avila, Executive Director of Alcohol Justice. "We know that California has been making painful choices in the recent budgeting round. If the choice is to either raise the alcohol tax or hurt students, the effective option seems obvious."

As part of the budget negotiations, Governor Newsom has proposed deferring nearly \$500 million in needed funding to CSU, as well as abandoning a \$365 million expansion of Cal Grant, the principle financial aid program run by the state. The system, which includes 23 campuses across the state, already faces funding shortfalls. In 2023, the legislature passed AB 840, authored by Assemblymember Dawn Addis (D- San Luis Obispo), which sought to desperately

patch budget holes by making it easier for campuses to sell alcohol ads targeted at undergraduates.

“When you pass bills with this kind of shortsightedness, you make it so much more likely you’ll hurt someone,” said Michael Scippa, Public Affairs Director for Alcohol Justice. *“Around 40% of Cal State students are underage. When you encourage drinking, you not only make crashes, assaults, and injuries more likely, you make it more likely these students will have academic problems. Many colleges also punish underage students caught drinking,”* he added. *“Imagine making money advertising alcohol to students, then throwing them out for drinking.”*

Research estimates around 4,100 college-age young adults die annually of alcohol-related injury, including 2,614 from motor vehicle crashes. On top of this, in the past three years, numbers of alcohol-involved drug deaths have spiked; alcohol and opioid co-use greatly raises the risk of overdose. **Yet research has long shown that alcohol consumption and related harms decline as tax rates rise.** According to a systematic review of alcohol tax literature, doubling the tax would reduce mortality by an average of 35%. Raising alcohol taxes for harm prevention has been endorsed by the CDC-convened Community Preventive Services Task Force and the World Health Organization, among others.

“When we have a strategy so straightforward, with such strong evidence and such international support, it is practically negligence not to employ it,” said Carson Benowitz-Fredericks, MSPH, research director for Alcohol Justice. *“Prop 13 has made setting effective tax policies exceptionally difficult in California, but fixing the alcohol excise tax should be obvious. Alcohol tax policies are straightforward, non-punitive, and broadly popular. If the Governor wanted to burnish his reputation as a science-driven, no-nonsense leader, this would be the place to start.”*

Alcohol excise taxes are a “third rail,” but the 1991 hike makes it clear that reform is possible. California’s budgetary problems are not going to magically relieve themselves next year, and a normalized alcohol excise tax would reverberate through future budgets. Former Gov. Jerry Brown’s educational tax hike initiatives were signature political accomplishments of his administration. Alcohol Justice would like to see fixing the alcohol tax and CSU’s funding in one fell swoop in the May Budget Revise be a signature accomplishment of Gov. Newsom’s.

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[Increasing Alcohol Taxes - Myth v. Reality](#)

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