

Alcohol Beverage Control: The Policy Implications

In 2007 underage drinking cost the state of North Carolina \$1.4 billion¹. The North Carolina Institute of Medicine estimates that alcohol and drug abuse cost our economy **\$12.4 billion** in direct and indirect costs annually. There are multiple evidenced based strategies identified by researchers and expert panels across the world that address abusive drinking; particular significance has been given to alcohol beverage control.

In their draft *Global Strategy to Reduce the Harmful Use of Alcohol*, the World Health Organization identified alcohol control as an important tool in preventing the harmful use of alcohol². In scores of peer reviewed scientific journal articles, alcohol control has been shown to reduce alcohol outlet density, overall consumption and generate more revenue than the private sale of alcohol.

Alcohol Control and Outlet Density:

- In the six States surrounding and including North Carolina, three of which are control states and three of which are license states, ***control states average 7 outlets*** per 100k residents whereas ***license states average 44 outlets*** per 100k residents. **That is over 6 times as many outlets** (per capita) **in license states as are in control states!**^{3, 4, 5, 6}
- For direct comparison, **North Carolina has 6 outlets per 100,000 people and Kentucky has 105.**^{3,4,5,6}
- And the negative effect of increased outlet density is clear. Higher outlet density is correlated with:
 - Higher levels of alcoholism and violence;^{7, 8}
 - Increased physical assaults (by 3.4 assaults per additional outlet);⁹
 - Increased alcohol-related injury crashes;¹⁰
 - Increased alcohol consumption by college students;¹¹
 - Increased underage drinking;¹²
 - Economic decline in neighborhoods; and¹³
 - Higher murder rates.¹⁴

Alcohol Control and State Revenue:

- In the six States surrounding and including North Carolina, 3 of which are control states and 3 of which are license states, ***control states average \$140,000 per 100k citizens in state liquor revenue compared to an average of only \$52,000 per 100k citizens in state liquor revenue for license states.***^{15, 16, 17, 18}
- That equates to control states like North Carolina making nearly 3 times as much in state revenue from liquor sales as private sale states.^{3,4,5,6}

Alcohol Control and Consumption Levels:

- Among all 50 states, **North Carolina ranks 48th per capita in consumption per gallon and 6th in revenue per gallon. Therefore alcohol beverage control is good for both public health and state revenue.** In comparison, South Carolina,

a state with private sales, ranks 30th in consumption per gallon and 26th in revenue per gallon.¹⁹

- **A substantial body of research links overall alcohol consumption in a society to a variety of alcohol-related harms including deaths and injuries from accidents, homicides and other violent assaults, suicide, cirrhosis and other diseases.**²⁰
- **Higher consumption of alcohol across populations has also been linked to fetal alcohol syndrome, reduced worker productivity and increased crime.**^{21, 22}
- **Finally, compared to private sale states, control states consume 14% less spirits and 7% less alcohol per person aged 15 and older, while bringing in more than *three times as much state revenue* per gallon of alcohol sold.**^{3,4,5,6}

A Cautionary Tale: Iowa

One of the few cases of a state switching from the controlled sale of spirits to privatization occurred in Iowa. The change was found to increase spirits consumption by 10% and overall consumption of alcohol by 5%.^{23 24}

¹ Underage Drinking Enforcement Training Center 2007 data (2009).
<http://www.udetc.org/factsheets/NorthCarolina.pdf>

² World Health Organization. http://www.who.int/substance_abuse/activities/msbngoreport.pdf

³ National Alcohol Beverage Control Association (NABCA). National Alcohol Beverage Control Association (NABCA) Survey Book. 2006-2007 ed. Alexandria, VA: NABCA.

⁴ Beer Institute. *Brewers Almanac*, 2008. Washington, DC: Beer Institute; 2008.

⁵ U.S. Census Bureau. 2000 Decennial Census, 2007 Population Estimates Program, 2007 Community Survey American Fact Finder. U.S. Census Bureau. Available at: http://factfinder.census.gov/home/saff/main.html?_lang=en. Accessed 03/27/09.

⁶ The Distilled Spirits Council of the United States. *Public Revenues from Alcohol Beverages--2006*. Washington, DC: DISCUS Office of Economic and Strategic Analysis; 2006.

⁷ Scribner, R. *Alcoholism: Clinical & Experimental Research*, February 2000

⁸ LaBouvie, E. & Ontkush, M.: "Violent crime and alcohol availability: relationships in an urban community." *Journal of Public Health Policy* 19(3):303-318. 1998.

⁹ Scribner, R., Mackinnon, D. & Dwyer, J.: "The risk of assaultive violence and alcohol availability in Los Angeles County." *American Journal of Public Health* (85) 3: 335-340. 1995.

¹⁰ Scribner, R., Mackinnon, D. & Dwyer, J.: "Alcohol outlet density and motor vehicle crashes in Los Angeles County cities." *Journal of Studies on Alcohol* (44): 447-453, July 1994.

¹¹ Chaloupka, F. & Wechsler, H. "Binge drinking in college: the impact of price, availability and alcohol control policies." *Contemporary Economic Policy*, vol xiv, October 1996.

¹² Weitzman, R. et al. (2003). The relationship of alcohol outlet density to heavy and frequent drinking and drinking-related problems among college students at eight universities. *Journal of Health and Place*; 9, 1-6.

¹³ Maxwell, A. & Immergluck, D. "Liquorlining: liquor store concentration and community development in lower-income Cook County (IL) neighborhoods." Chicago IL: Woodstock Institute, 1997.

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- ¹⁴ Scribner, R. et al.: "Alcohol availability and homicide in New Orleans: conceptual considerations for small area analysis of the effect of alcohol outlet density." *Journal of Studies on Alcohol*, May 1999.
- ¹⁵ National Alcohol Beverage Control Association (NABCA). National Alcohol Beverage Control Association (NABCA) Survey Book. 2006-2007 ed. Alexandria, VA: NABCA.
- ¹⁶ Beer Institute. *Brewers Almanac*, 2008. Washington, DC: Beer Institute; 2008.
- ¹⁷ U.S. Census Bureau. 2000 Decennial Census, 2007 Population Estimates Program, 2007 Community Survey American Fact Finder. U.S. Census Bureau. Available at: http://factfinder.census.gov/home/saff/main.html?_lang=en. Accessed 03/27/09.
- ¹⁸ The Distilled Spirits Council of the United States. *Public Revenues from Alcohol Beverages--2006*. Washington, DC: DISCUS Office of Economic and Strategic Analysis; 2006.
- ¹⁹ Distilled Spirits Council, *2006 State Data Book*
- ²⁰ Rehm J, Greenfield TK, Kerr WC. Patterns of drinking and mortality from different diseases – an overview. *Contemp Drug Prob*. 2006;33(2):205-235.
- ²¹ Babor TF, Caetano R, Casswell S, et al. *Alcohol: No Ordinary Commodity. Research and public policy*. New York, NY: Oxford University Press; 2003.
- ²² Harwood HJ. *Updating Estimates of the Economic Costs of Alcohol Abuse in the United States. Estimates, update methods, and data*. Rockville, MD: National Institute on Alcohol Abuse and Alcoholism, National Institutes of Health; 2002.
- ²³ Holder HD, Wagenaar AC. Effects of the elimination of a state monopoly on distilled spirits' retail sales: a time-series analysis of Iowa. *Br J Addict*. December 1990;85(12):1615-1625.
- ²⁴ Mulford HA, Ledolter J, Fitzgerald JL. Alcohol availability and consumption: Iowa sales data revisited. *J Stud Alcohol*. September 1992;53(5):487-494.