

Big Alcohol's next big fight is here

Public health advocates are fighting for higher taxes, marketing restrictions, and stricter warnings, wielding an influence not seen since Prohibition

By Jackie Snow Published 9 hours ago



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Almost a century after Prohibition ended, alcohol faces a new reckoning.

In New Mexico, where alcohol-related mortality rates are the highest in the U.S., lawmakers [are preparing two proposals](#) to reshape how the state taxes alcohol. One would implement a uniform 3% rate, while another tax would adjust for inflation plus add a 20-cent “public health investment fee” per drink. It’s an attempt to modernize what state Rep. Micaela Lara Cadena calls a “flat, regressive” system in which taxes — \$1.60 per liter of spirits, 45 cents per bottle of wine, and 41 cents per gallon of beer — have stagnated for decades.

“It’s hard to meet a family that hasn’t been impacted by generational cycles of trauma and substance and addiction,” said Cadena, a Democrat who chairs the state House’s tax committee. “There’s a clear consensus that we need to modernize and reform how we tax alcohol, and more than that, we need to direct state resources to alleviate the harm.”

This is the second year in a row New Mexico lawmakers have tried to pass an alcohol tax. An earlier [proposal for a 25-cent per drink tax](#) was reduced to five cents, then killed entirely. Cadena is hopeful this year will be different.

But the alcohol industry has years of experience in taking down bills it opposes. The same pattern has played out across the country, from [Nebraska](#) to [Oregon](#), with industry groups pouring hundreds of thousands of dollars into lobbying against new taxes.

Meanwhile, a new wave of public health advocates are fighting for higher taxes, marketing restrictions, and [stricter health warnings](#), wielding an influence not seen since Prohibition. Although most operate on shoestring budgets, they've helped shape World Health Organization guidelines and may soon help redefine U.S. dietary recommendations. Their message that “no level of alcohol is safe” has the [\\$260 billion American alcohol industry](#) on high alert — and arguing that such an absolutist stance overlooks both scientific nuance and centuries of cultural tradition.

Yet even as advocates gain traction, the industry's longstanding success in blocking tax hikes has created an increasingly favorable cost environment nationwide. Most alcohol taxes are flat-rate excise taxes that haven't been adjusted for inflation in decades. In Massachusetts, where officials last raised the rate during the Carter administration, alcohol taxes have lost [74% of their value since 1980](#).

“Every year there's inflation, the alcohol industry gets an automatic tax cut,” said Carson Benowitz-Fredericks, the research director of Alcohol Justice, a watchdog organization. “If you go into a corner store today, the cheapest form of liquid isn't going to be the soda, milk, or water — it's going to be the beer.”

That price stability amid broader inflation makes the industry's profit margins all the more notable. Alcohol has shown remarkable pricing power during the recent inflation surge. “Alcohol was the grocery item that experienced the least amount of inflation since the end of COVID,” Benowitz-Fredericks said. While grocery items were up an [average of 25%](#) since the beginning of the pandemic, liquor [was up 14%](#), something Benowitz-Fredericks said shows that the industry could absorb higher taxes. Revenue could go to funding things like addiction treatment and prevention programs, which can strain state coffers.

“Alcohol harm drains the economy in a lot of different ways,” he said.

Last call?

The ability to shape policy while protecting profits has served the industry well, and beyond tax battles. The pandemic triggered what former Colorado liquor enforcement director Patrick Maroney called “a huge shift in alcohol law,” as states scrambled to allow restaurants to offer takeout cocktails and delivery. Many of these temporary measures are now becoming permanent, as the industry argues that it's on the ropes as consumption patterns change.

“Across the board, I'm hearing over and over again that the consumption of alcohol in this country is going down,” Maroney said.

A decline in drinking, particularly among younger generations, could provide ammunition for tax advocates. Recent data shows [Gen Z drinking 20% less than millennials](#) did at their age, while [23% say they are turning](#) to drinking non-alcoholic beer, wine, or spirits. The industry is

responding aggressively with new technology enabling sophisticated location-based marketing and promotions.

Facing declining sales, new WHO health warnings, and mounting pressure for higher taxes, business leaders see troubling echoes of the past.

“The alcohol industry is a little afraid that the direction of things is going towards more prohibition,” said Rebecca Stamey-White, who has practiced alcohol law since 2010. She pointed to organizations such as Movendi International, which traces its roots to the temperance movements that helped bring about Prohibition in the 1920s. Industry groups argue the organization has now gained outsized influence over [World Health Organization alcohol policies](#).

The economic stakes are significant.

“There are a lot of people that work for the alcohol industry, from hospitality to manufacturers to distributors,” Stamey-White said. The industry’s reach extends far beyond these direct jobs: Alcohol sales help sustain tourism in wine regions, [provide crucial profit margins for restaurants and bars](#), and support a growing ecosystem of tech companies developing delivery and marketing solutions.

Most alcohol taxes flow to the U.S. Treasury’s general fund, making the Alcohol and Tobacco Tax and Trade Bureau the [third-largest tax collection agency](#) in the federal government, with over \$18 billion in 2023. But the revenue’s importance has deep historical roots. It was the [promise of tax dollars](#) during the Great Depression that helped end Prohibition in 1933. But Stamey-White pointed to other lessons from that era.

“The experiment with prohibition taught regulators and states a lot about how to appropriately regulate alcohol,” she said. “It’s figuring out that balance where you’re limiting those consequences as much as possible, and putting controls in place to regulate the product thoughtfully.”

Same argument, new data

In the century-long battle over alcohol regulation, moral arguments have given way to microscopes. Where temperance crusaders once wielded biblical rhetoric, today’s public health researchers arrive with cancer studies and statistics.

David Jernigan, a professor at Boston University’s School of Public Health who has worked on alcohol policy since 1986, said emerging research has definitively linked alcohol consumption to [at least seven types of cancer](#) — including breast, liver, and colorectal cancers. The mounting scientific evidence suggests that even moderate drinking carries significant health risks, challenging long-held assumptions about alcohol’s impact on human health.

The alcohol industry will fight back with the same ferocity it has always mustered to protect its bottom line. The first tax increase Jernigan worked on showed him as much. The 1991 California ballot initiative would have added a five-cent tax per drink to fund alcohol and drug abuse programs. The industry spent \$44 million to defeat it. Why? “If you raise the price, people will drink less,” he said.

When another project he worked on in Maryland managed to pass a rare 3% sales tax on alcohol in 2011, the impact was immediate: Jernigan said consumption dropped by 3.5%, impaired driving decreased by 6%, and among 18-34-year-olds — the highest risk group — the decline was 18%. Jernigan is hopeful New Mexico could see a similar shift in its alcohol data.

“We know from the public health side, it can be summed up in four simple words,” Jernigan said. “Alcohol taxes save lives.”