

**The Maine Heritage Policy Center
Testimony to Oppose LD 1070
"An Act To Reduce the Number of Domestic Assaults
and Suicides By Increasing the Tax on Alcohol"**

Senator Chipman, Representative Tipping and distinguished members of the Committee on Taxation, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to provide testimony in opposition to LD 1070.

The goal of reducing the number of domestic assaults and suicides is an admirable one. Not only are these problems complex societal issues but they are very difficult to solve. However, we cannot simply tax away our problems. LD 1070 increases the excise tax on malt liquor and hard cider from 35 cents per gallon (cpg) to 50 cpg; the excise tax on low-alcohol spirits products, fortified wines and sparkling wines from \$1.24 per gallon to \$1.50 per gallon; and the excise tax on wine from 60 cpg to \$1 per gallon. In addition, it increases the premiums on all spirits in the state from \$1.25 to \$1.50 per proof gallon. Lastly, the bill increases the sales tax on the value of liquor from eight percent to 10 percent.

Mainers would be hit twice by these proposed tax increases. The excise tax to manufacture and sell alcohol, as well as the premium, would be passed onto consumers. In addition to the increase in price from the pass-through, Mainers would be hit again with a two percent increase in the sales tax on alcohol. While these increases may appear to be "cents on the dollar," the costs to Mainers add up.

If this bill passes, Maine would have the 9th highest tax on beer and the 21st highest on wine.¹ Currently, Maine is ranked at 18th and 32nd, respectively.² This bill would give New Hampshire a larger competitive edge. In 2017, Maine residents accounted for 7 percent of sales made at New Hampshire's liquor outlets.³ Maine businesses would lose more revenue to New Hampshire, particularly in border towns, if LD 1070 advances.

Please ask yourselves this: Would you buy alcohol at a discounted rate in New Hampshire if you had the chance or would you continue spending more money on these products in Maine? I'm almost certain the answer would be clear with the tourists that pass through New Hampshire to visit Maine.

¹ <https://taxfoundation.org/how-high-are-wine-taxes-in-your-state/>; <https://taxfoundation.org/state-beer-taxes-2018/>

² Ibid.

³ <https://www.pressherald.com/2018/08/09/new-hampshire-offers-booze-discounts-for-out-of-state-shoppers/>

Moreover, sin taxes are regressive, meaning they harm individuals living in poverty the most. Because this tax would be levied on individuals purchasing alcohol, regardless of income, people living in poverty would spend a greater proportion of their income on these products than someone making \$100,000 or more.⁴ Thus, any increased taxes to alcohol would disproportionately burden low-income Mainers the most.

Further, Maine's suicide rate was higher than both New Hampshire and Pennsylvania, both of which had higher taxes on beer and no taxes on wine in 2016.⁵ Similarly, Alaska's suicide rate was much higher than Maine's in 2016, despite having higher taxes on beer and wine.⁶ These tax increases would likely do little to prevent suicide while negatively affecting Maine businesses and residents.

Instead of expanding the scope of government and increasing taxes, the state would be much better off finding methods to compete with other states. For those reasons, The Maine Heritage Policy Center urges the committee to vote, "Ought Not to Pass" on LD 1070. Thank you.

⁴ <https://iea.org.uk/sin-taxes-are-aggressively-regressive/>

⁵ <https://www.pressherald.com/2018/04/09/data-maines-suicide-rate-is-higher-than-the-national-average-and-increasing/>;
<https://taxfoundation.org/how-high-are-wine-taxes-your-state-2016/>;
<https://taxfoundation.org/how-high-are-beer-taxes-your-state-0/>

⁶ Ibid.