

POLICY BRIEF

Advancing Health and Equity through Alcohol Tax Reform in Massachusetts



MetroWest Health Foundation
Leadership Program, 2025

Summary

Massachusetts has an opportunity to take meaningful action to reduce alcohol-related harm and promote community health. The state's current alcohol excise tax rates are among the lowest in New England and have not kept pace with inflation or the well-documented toll alcohol takes on families, workplaces, and health systems. A modest increase in alcohol taxes, paired with reinvestment in prevention and recovery services, offers a path to both reduce consumption and strengthen public health infrastructure.

Problem Statement

Alcohol is responsible for more than 3,000 deaths each year in Massachusetts and is linked to roughly \$5.6 billion in annual economic costs.¹ A significant share of this burden falls on government, public programs, and local communities.

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The Public Health Impact of Alcohol

Alcohol use disorder affects nearly every system in the Commonwealth – from hospitals and schools to public safety. It's associated with chronic conditions such as liver disease, certain cancers, mental health disorders, accidental injuries, and death.

The 2024 U.S. Surgeon General's Advisory on Alcohol and Cancer highlights the connection between alcohol consumption and cancer. Alcohol is now recognized as a cause of at least seven types of cancer: breast (in women), colorectal, liver, esophageal, mouth, throat, and larynx cancers.² There is no safe level of alcohol consumption when it comes to cancer risk. Even low to moderate drinking increases the risk of developing cancer. Moreover, public awareness remains low with only 45% of Americans recognizing alcohol as a cancer risk factor.²

Despite these risks, alcohol remains widely accessible and underpriced. According to CDC data, more than 16% of Massachusetts adults reported binge drinking in the past month, while underage drinking continues to be a statewide concern.⁴ The Youth Risk Behavior Survey found that roughly one in six high school students reported alcohol use within the past 30 days.⁵ Similarly, the 2023 MetroWest Adolescent Health Survey reported that approximately 21% of high school students in the region had consumed alcohol in the same time frame.⁷

Research shows that even modest increases in alcohol prices can lead to reductions in harmful drinking, especially among heavy drinkers and youth.⁵

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The Economic Rationale for Reform

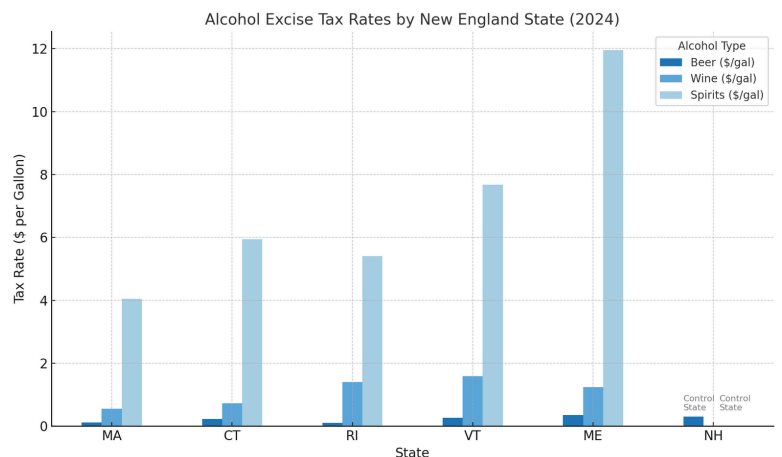
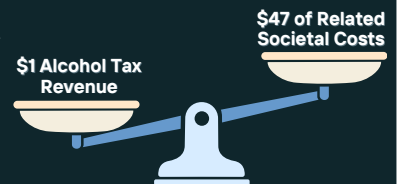
While alcohol-related costs to the state are estimated at over \$5.6 billion annually, Massachusetts collects less than \$120 million per year from alcohol excise taxes.⁶ This imbalance results in the public effectively subsidizing the costs of alcohol-related harm.

Raising excise taxes — even by a few cents per drink — has been shown to reduce consumption and generate significant revenue. For instance, increasing the tax on beer by just \$0.05 per drink could yield an estimated \$50 million in new revenue annually.⁵ These funds could be reinvested into local prevention efforts, school-based education, substance use treatment, and recovery services.

Massachusetts & Alcohol: A Costly Imbalance

For every \$1 in alcohol tax revenue, Massachusetts faces \$47 in societal costs — costs to health, safety, productivity, and overall well-being.

Secondly, Alcohol excise tax comparison across New England shows Massachusetts lags behind neighboring states for all categories — beer, wine, and spirits.



Equity Considerations

Alcohol-related harm is not evenly distributed. Low-income communities and communities of color often face higher rates of alcohol-related illness and injury, while also having fewer local resources for prevention and treatment. Additionally, awareness about alcohol's link to cancer is lower among underserved populations.² A statewide tax increase, paired with reinvestment in high-need communities, can help reduce disparities in health outcomes and support equity-driven public health planning. While we anticipate that those who live in lower-income populations might be paying a greater percentage of their income, the money collected through this tax increase will go directly into these communities to offset the inequity.

Funding from increased alcohol tax could be allocated through local boards of health and regional collaboratives to ensure resources are targeted to communities with the greatest need. Priority areas may include:

- Strengthening school & community prevention programs
- Supporting peer-led recovery networks
- Increasing access to mental health care for youth & families
- Sustaining harm reduction efforts and outreach



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Legislative Path Forward

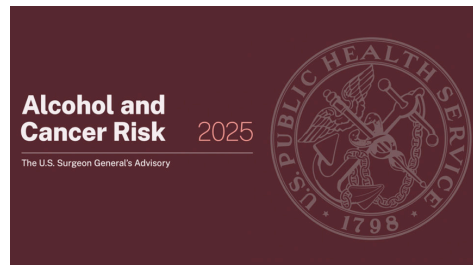
Policymakers have a clear opportunity to lead. We recommend:

- Increasing the alcohol excise tax on beer, wine, and spirits to reflect inflation and the societal cost of alcohol
- Updating and standardizing penalties for noncompliance with alcohol sales and distribution laws statewide
- Directing new tax revenue to support evidence-based substance use prevention, education, and treatment programs
- Creating a statewide alcohol prevention and treatment program, modeled after the success of tobacco control strategies

The Surgeon General's Warning

“Alcohol consumption is a leading preventable cause of cancer in the U.S., responsible for about 20,000 cancer deaths annually. Awareness and action are critical.”

— U.S. Surgeon General's Advisory on Alcohol and Cancer Risk (2024)



Political Feasibility & Public Support

Some opponents may argue that increasing taxes will hurt businesses or shift consumer spending. However, evidence from other states show that modest tax increases have minimal impact on employment or small business revenue.

In fact, these changes are widely supported by the public when the funds are earmarked for prevention, treatment, and youth programs.⁵



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Potential Opposition from Border Communities

We recognize that businesses in border communities face unique competitive pressures. Even if the proposal only matches rates in neighboring states, it may raise prices in Massachusetts border towns and drive some customers to shop just across state lines. We saw similar concerns during the Sunday liquor sales debate a few decades ago, where businesses near borders reported concerns about losing revenue to border states. However, a study found that 57% of Americans are willing to spend extra to shop locally, with the average respondent estimating they'd spend around \$150 more per month, or nearly \$2,000 annually, to keep local businesses thriving.⁸ To counter this debate, the proceeds from an increased alcohol tax will create programs that support the overall health of these communities. Healthier communities benefit all business.

Why This Matters to Massachusetts Communities

Local officials, school leaders, and health departments are already working to reduce substance use in their communities. But without sustainable funding, these efforts can only go so far. Raising alcohol taxes is one of the most cost-effective tools available to reduce harm, support public health, and reinvest in the communities most affected by alcohol use disorder.

This is a chance for Massachusetts to lead with evidence, equity, and impact.

References

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