Our new Constitution is now established, and has an appearance that promises permanency; but in this world nothing can be said to be certain, except death and taxes.

– Benjamin Franklin, in a letter to Jean-Baptiste Leroy, 1789

SIN TAXES AND ALCOHOL CONSUMPTION IN VIRGINIA
State and local governments often seek ways to obtain more revenue, especially to fund ever-increasing expenditure demands. Excise taxes represent one possibility in this regard. An excise tax is one levied by the federal, state or local government on a specific good, such as gasoline, cigarettes or alcoholic beverages. Responsibility for paying this tax falls on merchants, who generally seek to pass on the tax to the price of the good(s) they sell. Unlike income taxes, an excise tax is a tax on consumption – if someone doesn’t buy the good, they don’t pay the tax.

Increasing existing excise tax rates or levying new excise taxes on certain goods offers a potentially attractive revenue source for state governments, including Virginia. The state can collect the necessary tax revenue, while avoiding increasing – or possibly being able to decrease – their income tax or property taxes. No issues in tax deductibility arise, since excise taxes are generally not deductible from federal or state income taxes.

Excise taxes for alcoholic beverages provide an additional potential benefit to state governments. Along with taxes on cigarettes, they represent an example of a so-called “sin tax.” Excise taxes on beer, wine and distilled spirits have the ancillary effect of reducing alcohol consumption and thus the adverse effects associated with overuse of alcoholic beverages. Efforts can take the form of discouraging negative externalities, such as alcohol abuse or driving while intoxicated.
Revenue From Excise Taxes On Alcoholic Beverages: Historical Trends

Excise taxes on alcoholic beverages have long been a source of income for state and local governments. The Urban Institute, a nonprofit think tank, collects data on state and local governments. For the U.S. overall (Graph 1), revenue from excise taxes declined in real (inflation-adjusted) terms from 1977 to 1999 but has increased since the turn of the century. Total excise tax revenue on alcoholic beverages for all state and local governments fell from $8.8 billion in 1977 to $6 billion in 1999, but then recovered to over $7 billion in 2015.

We observe a similar pattern in the Commonwealth in Graph 2, where excise tax revenues on alcoholic beverages fell from $250 million in 1977 to around $161 million in 1997. Since then, excise revenues on alcoholic beverages have recovered smartly, reaching $257 million in 2015. From 1998 to 2015, excise tax revenues on alcoholic beverages increased almost 60 percent, even after accounting for the effects of inflation, and excise tax rates on beer and wine have not changed in recent memory.

Excise taxes from the sale of alcoholic beverages have been markedly resilient this century, weathering economic downturns in stride. Even during the Great Recession, real (inflation-adjusted) revenue from excise taxes on alcoholic beverages for state and local governments in the U.S. only fell from $6.4 billion in 2007 to $6.3 billion in 2008 before increasing to $6.5 billion in 2009. Over the same period, Virginia’s real excise tax revenues on alcoholic beverages increased from $192 million in 2007 to $198 million in 2009. While revenue dipped slightly in 2011, it has steadily increased since then, reaching $257 million in 2015.

Consistency in revenue from excise taxes on alcoholic beverages contrasts with income tax revenue, which tends to be much more sensitive to fluctuations in economic activity. The Great Recession resulted in significant declines in income tax revenue for state and local governments. These same governments were also constrained by balanced budget requirements and from borrowing to fund day-to-day expenditures. States and local governments faced an unenviable decision of having to increase taxes from other sources, cut expenditures, or both.

From 2008 to 2010, state and local government income and sales tax revenues in the U.S. fell by 15.3 percent and 6.5 percent, respectively. For Virginia, income and sales tax revenues fell by 15.5 percent and 3.7 percent, respectively, over the same period. For comparison, national excise tax revenues on alcoholic beverages increased by 3.4 percent and Virginia’s increased by 2.3 percent from 2008 to 2010. Excise taxes on alcohol, wine and distilled spirits offered more consistency and actually grew during the depths of the recession.
GRAPH 1

ALCOHOL TAX REVENUE FOR STATE AND LOCAL GOVERNMENTS IN THE UNITED STATES, 1977-2015

Sources: State & Local Government Finance Data Query System, the Urban Institute-Brookings Institution Tax Policy Center, data from the U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Vol. 4, and the Census of Governments (1977-2015). These revenues may be understated, as Virginia is an alcohol control board state and sells distilled spirits in state-owned stores.
Tax Rates On Alcoholic Beverages

Each state sets its own excise tax rates for beer, wine and distilled spirits (the federal government and possibly local governments set additional excise tax rates on each of these beverages as well). Excise tax rates on the various types of alcoholic beverages differ considerably across states, with Virginia having relatively high rates. As of Jan. 1, 2018, the excise tax rates on beer, wine and distilled spirits for Virginia are each above the corresponding median rates, based upon the 50 states and the District of Columbia.

Virginia’s state excise tax rate for beer equals $0.2565 per gallon (Figure 1), ranking it 21st nationally. The highest excise tax rates on beer are in Tennessee ($1.28), Alaska ($1.07) and Hawaii ($0.93), while the lowest rates are found in Wyoming ($0.018), Missouri ($0.06) and Wisconsin ($0.06). Virginia’s excise tax rate for beer is slightly above the median state tax rate on beer of $0.20 per gallon.

Virginia’s state excise tax rate for wine equals $1.51 per gallon (Figure 2). It ties for sixth highest (with Georgia) among the 50 states and the District of Columbia. The highest excise tax rates on wine come from Alaska ($2.50), Florida ($2.25) and Iowa ($1.75), with the lowest rates found in Missouri ($0.06), Wisconsin ($0.064) and California ($0.20). The excise tax rate for wine in Virginia is more than twice the median rate of $0.72 per gallon.

In Virginia, the government directly controls the sale of distilled spirits, one of 17 states to do so. According to the Distilled Spirits Council of the United States, the estimated excise tax rate for spirits in Virginia equals $19.90 per gallon (Figure 3). This rate ranks third highest nationally. The highest excise tax rates for distilled spirits occur in Washington state ($31.48) and Oregon ($22.78), with Missouri ($2.00), Colorado ($2.28) and Texas ($2.48) having among the lowest rates. Virginia’s excise tax rate for distilled spirits is well above the median of $5.56 per gallon.

As the Commonwealth controls the sale of distilled spirits, it can alter the markup on spirits to generate more revenue. Whether this markup is economically efficient is a matter of debate. The Virginia Distillers Association (VDA), for example, argues that distillers contribute more in excise taxes on a per gallon basis than wine or beer producers. In 2016, the VDA estimated that Virginia’s excise tax on a per gallon basis for distilled spirits was almost $31, higher than the $1.51 for wine and $0.26 for beer. Their argument was that one should not only consider the direct excise tax but also the markup, handling fee and other charges that create a higher burden for distillers. Regardless of whether one only examines the excise tax on spirits or a more inclusive measure of the burden on spirits, a reasonable conclusion is that Virginia has a relatively high tax rate on distilled spirits. Given the emergence of craft distilleries (much like craft breweries), these relatively high tax rates may discourage investment in the distillery industry in the Commonwealth.

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1 Pennsylvania, Utah and Wyoming are omitted from this sample since all wine sales in these states take place through state stores. Revenue in these states comes from various taxes, fees, price markups and net profits.
2 Tax Policy Center (2018b).
3 Alcoholic beverage control states, of which Virginia is one, earn revenue through ad valorem markups as well as excise taxes. Excise tax rates on distilled spirits are estimated for these states.
FIGURE 1

STATE EXCISE TAX RATES ON BEER: DOLLARS PER GALLON, 2018

Source: Federation of Tax Administrators (2018)
FIGURE 2
STATE EXCISE TAX RATES ON WINE:
DOLLARS PER GALLON, 2018

Source: Federation of Tax Administrators (2018)
FIGURE 3
DISTILLED SPIRITS EXCISE TAX RATES:
Dollars per gallon, 2018

Sources: Tax Foundation (2018) and the Distilled Spirits Council of the United States
Excise taxes serve as one means for state and local governments to collect tax revenue. Sales taxes are another source. In contrast to its excise tax rates on beer, wine and distilled spirits, Virginia has one of the lower combined average sales tax rates in the nation (Table 1). With a state sales tax rate of 5.3 percent, Virginia ranks 31st among the states and the District of Columbia. California ranks the highest (7.25 percent), followed by four states – Indiana, Mississippi, Rhode Island and Tennessee – at 7 percent. Delaware, Montana, New Hampshire and Oregon do not levy a sales tax at all.

As localities can piggyback on state sales taxes, combined sales tax rates paint a slightly different picture. Virginia’s combined average sales tax rate of 5.63 percent (5.3 percent state and 0.33 percent local) places it 41st among the states that have a sales tax (Table 1). The sales tax rate in Virginia falls below the median of 6.80 percent. Virginia’s relatively high excise tax rates on alcoholic beverages may help keep its sales tax rate low.

States also collect revenue from several other different types of taxes and fees, such as property taxes and income taxes. Individual states place very different emphases on the various types of taxes as ways to obtain income (Table 2). Relative to its neighboring states, Virginia relies more heavily on income taxes, placing less importance on property taxes. Collections from sales and gross receipts also have relatively lower weight in Virginia. Maryland and West Virginia have less dependence on income taxes, placing a greater emphasis on sales and gross receipts. Maryland also collects a greater percentage of its income from property taxes, relative to the other states in the sample. Sales taxes from alcoholic beverages make up a small but nontrivial percentage of tax collections among the states. For Virginia, taxes from this source comprise 1.3 percent of total revenue.
Alcoholic Beverage Control (ABC) In Virginia

Virginia is one of 17 states nationwide to have a state-owned and -operated alcohol control board (Figure 4). As in these other “control” states, the ABC in Virginia has a monopoly on the sale of distilled spirits (e.g., bottled hard liquors such as rum or whiskey). The Virginia ABC does allow the sale of “liquor by the drink” in food establishments; however, the sale of distilled spirits by the bottle is only legal in ABC stores. In contrast to distilled spirits, the ABC permits the sale of beer and wine in establishments outside of the state-controlled ABC stores, such as grocery stores and convenience stores.

The ABC in Virginia has a long history dating back to the 1930s, when it was created shortly after the end of Prohibition. Today the ABC employs close to 4,000 people and operates 366 stores statewide. Sales and profits have increased steadily over the past few years. In 2017, ABC stores recorded sales totaling $940.1 million, an increase of over 17 percent from $800.5 million in 2014 (Graph 3). Correspondingly, profits in 2017 totaled $171.7 million, up from $140 million in 2014, an increase of over 22 percent. Along with helping to increase Virginia’s general tax revenue fund, monies from the ABC help finance several state alcohol-related programs, including youth and adult education prevention programs, training programs for alcohol servers and managers, and alcohol awareness groups.5

Virginia’s ABC regulates the sale and movement of alcoholic beverage products into and within Virginia, including the approval of product labels and franchise agreements. The agency also collects excise taxes on these products and submits reports to the appropriate public entities.6

In 2017, the Virginia ABC authorized more than 19,000 retail licenses for businesses in various localities to sell alcohol on their premises. Every county in the Commonwealth allows the legal sale of beer and wine, conditional on the local retail establishment obtaining the proper license. The counties of Bland, Buchanan, Charlotte, Craig, Franklin, Grayson, Highland, Lee and Patrick remain “dry,” meaning that the sale of distilled spirits is currently prohibited. A Virginia Senate panel, however, is considering a reform of Virginia’s liquor laws to make every county “wet” by default. Under this proposal, a county would have to hold a referendum to remain or become “dry.”7

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5 Virginia Department of Alcoholic Beverage Control, 2017, Annual Report.
6 Virginia Department of Alcoholic Beverage Control, 2017, Industry Resources Report.
FIGURE 4
ALCOHOL BOARD CONTROL STATES

Source: National Alcohol Beverage Control Association, 2018. For Maryland, only Montgomery County has a control board. Some jurisdictions in Alaska, Maryland, Minnesota and South Dakota have adopted forms of the “control” model.
GRAPH 3
VIRGINIA ABC SALES AND PROFIT

Source: Virginia Department of Alcoholic Beverage Control (2017a)
Alcohol Consumption And The Costs To Society

Alcohol consumption has been a daily part of social and private life in the United States dating back to our country’s founding. While there are laws in place that restrict alcohol consumption (Sunday sale bans, age restrictions, etc.) across several states, the consumption of alcohol has generally been legal throughout U.S. history, with the notable exception of the Prohibition period (1920-1933). In 2015, the average Virginian drank about 2.1 gallons of alcoholic beverages per year, lower than the national average of 2.32 gallons (Graph 4).

Beer consumption constitutes roughly half of all alcoholic beverage consumption. In 2015, according to the National Institute on Alcohol Abuse and Alcoholism (NIAAA), Virginians, on average, drank exactly one gallon of beer per capita per year, 0.48 gallons of wine and 0.64 gallons of distilled spirits. At the national level, Americans on average drank 1.09 gallons of beer per capita per year, 0.42 gallons of wine and 0.81 gallons of distilled spirits.

Overall, alcoholic beverage consumption in Virginia has remained relatively steady over the past decade (Graph 5). That said, current consumption levels (2.12 gallons per year) in Virginia are roughly 22 percent lower than their peak in the early 1980s (2.59 gallons per year). Declines in beer and distilled spirits consumption have been particularly dramatic from their previous peaks. Beer consumption per capita per year among Virginians has declined by 52 percent from its peak of 1.52 gallons per capita per year in 1986.

Per capita consumption of distilled spirits in Virginia peaked in 1980 at 0.90 gallons per year, implying that current spirits consumption has decreased by roughly 41 percent since then. In contrast, wine consumption has increased since the late 1970s (the earliest years available in the NIAAA data). Virginians drank 0.21 gallons per capita per year of wine in 1977, in contrast to today’s number of 0.48 gallons, more than double the previous rate.
GRAPH 4

APPARENT ALCOHOL CONSUMPTION PER CAPITA:
VIRGINIA AND THE UNITED STATES, 2016

- Beer Volume Per Capita
- Wine Volume Per Capita
- Spirits Volume Per Capita
- All Beverages Volume Per Capita

Source: National Institute on Alcohol Abuse and Alcoholism (2017), based on population ages 14 and older. Numbers are current as of 2015.
Graph 5
Virginia Alcohol Consumption in Gallons Per Capita: Type of Beverage, 1977-2016

Source: National Institute on Alcohol Abuse and Alcoholism (2017), based on population ages 14 and older
Virginians’ consumption of alcoholic beverages has trended roughly in line with the national average over time. In the United States, alcoholic beverage consumption rates peaked in 1981 with an average consumption rate of 2.76 gallons per capita per year (Graph 6). The latest numbers available at the national level are 2.32 gallons per year, roughly 16 percent lower than their previous high. Similar to Virginia, the national trends show a decrease in beer and distilled spirits consumption and an increase in wine consumption. U.S. per capita alcohol consumption in 2015 was roughly 28 percent less than its previous high of 1.39 gallons per year in 1981. Consumption of distilled spirits is now 23 percent lower in comparison to the high of 1.05 gallons per year in 1978. As for wine, consumption rates at the national level of 0.42 gallons per capita per year are 50 percent higher than their previous low of 0.28 gallons per year in 1994.

Alcohol is a textbook example of a good (product) that can have negative externalities associated with its consumption. In this context, the term “negative externality” simply means that the consuming individual does not bear all of the costs associated with purchasing and consuming the good. Examples of these added costs include those associated with health care, drunk driving and crime related to over-consumption of alcohol. Drunk drivers impose a cost on society through higher death and injury rates. They not only impact themselves, but could also affect others when crashes occur. The Centers for Disease Control and Prevention noted in 2012 that 1.4 percent of Virginians reported they had driven after drinking too much in the past 30 days (Graph 7). This rate for Virginia does, though, compare favorably with the national median of 1.9 percent. Montana (3.4 percent), Nebraska (3.4 percent) and North Dakota (3.3 percent) have the highest percentages.

Binge drinking, particularly among youth, also represents a major alcohol-related concern for health officials. Underage binge drinking can lead to negative long-term health consequences as well as destructive behavior on a number of fronts. Of note, the Substance Abuse and Mental Health Services Administration defines binge drinking as having five or more drinks on the same occasion (i.e., at the same time or within a couple of hours of each other) on at least one day in the past 30 days. Underage binge drinking nationwide and in Virginia occurs with much greater frequency than driving after drinking too much (Graph 8). Virginians in the 12-20 age range report binge drinking in the past month at a rate of 13.9 percent. This percentage is slightly lower than the national median of 15 percent, with the highest rates found in North Dakota (21.4 percent), New Hampshire (21.0 percent) and Vermont (20.9 percent).

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8 As a cautionary note, data from self-reporting surveys can be subject to measurement error, since people may under-report their incidence of negative behavior.
UNITED STATES ALCOHOL CONSUMPTION IN GALLONS PER CAPITA:
TYPE OF BEVERAGE, 1977-2016

Source: National Institute on Alcohol Abuse and Alcoholism (2017), based on population ages 14 and older
Graph 7

Percentage of Adults Who Report Driving After Drinking Too Much
(In the Past 30 Days)

Source: Centers for Disease Control and Prevention (2012)
GRAPH 8
UNDERAGE BINGE DRINKING IN THE PAST MONTH AMONG PEOPLE AGES 12-20

Source: Substance Abuse and Mental Health Services Administration (2017). Data show annual averages based on combined 2012 to 2014 data.
An Aside On Sin Taxes

Goods with negative externalities associated with them are common in society. Some goods, such as alcohol and cigarettes, are legal, while others, like heroin and cocaine, remain banned and prosecuted by law enforcement. The standard way to deal with legal goods such as alcohol is through something known as “Pigovian” taxes (named after the economist Arthur Pigou, 1877-1959). A common name for these taxes is “sin taxes.”

The idea behind sin taxes is that the consumer of the good should not only bear the private cost of consumption, but also the social costs associated with the product. Society should not have to pay for the extra health care costs that an individual imposes upon himself by excessive alcohol consumption. This is typically corrected by way of a per-unit, or ad valorem, tax on the good. In this example, society doesn’t ban the commodity outright, but rather makes the consumer pay more at the price register (through a higher tax rate) to account for the costs imposed on the populace at large. In general, the tax rates on such goods should be roughly equal to the costs imposed on society.

While it is difficult to monetize all of the negative externalities associated with alcohol consumption, it has been attempted by a number of researchers. This line of literature has generally found that alcohol taxation across the United States and within Virginia itself is lower than optimal – that is, the tax revenue collected on alcohol does not appear to fully pay for the negative externalities imposed on society by way of its consumption. Raising the current tax rates on alcohol might help offset the costs imposed on society through higher tax revenues. If the Commonwealth desires to further shift the societal costs associated with alcohol consumption to consumers, raising alcohol excise tax rates might be a prudent (though potentially unpopular) course of action.

Final Observations

Is it time for Virginia either to increase the markups on the alcohol it sells in its state liquor stores, or to levy an increase in the excise tax? Certainly, in examining whether the state should enact such a move, several issues need to be considered, including the potential impact on the emerging craft brewing and distillery industries. There is also the philosophical question of whether it is sound public policy to use the tax system to discourage (or encourage) individual behavior.

First, how does the Commonwealth fare in its alcohol excise tax compared to other states? Virginia has relatively high excise tax rates on wine and distilled spirits. Its excise tax rate for beer is closer to the average but still above the median for U.S. states. However, Virginia also has not changed these tax rates in over 15 years. Other states have periodically levied excise tax increases in recent years, at least in part to generate more revenue. In particular, Alaska has taken such actions despite having among the highest excise tax rates for alcoholic beverages.

Second, would a hike in excise tax rates on beer, wine or distilled spirits actually result in greater tax revenue for Virginia? Excise taxes are the responsibility of the merchant who sells the beverage. Merchants will pass on the increased cost to the consumer with a higher overall price (retail price plus tax), based upon what markets will bear.

Third, we must recognize that Virginia can also raise the markup on the alcohol it sells. In terms of revenue, there is no real difference between an increase in excise taxes and increases in the markup. However, excise taxes are typically more visible to the consumer than, for example, an increased markup in an ABC store. Care must be taken to recognize the impact of excise taxes and markups on producers and consumers of alcohol.

Furthermore, the experience of excise tax increases on alcoholic beverages (as well as cigarettes and gasoline) in the U.S. points to “over-shifting” behavior. In over-shifting, the change in overall price (retail price plus...

9 A summary of this research is available at Congressional Research Service (2014).
10 A summary of these rate changes is available at Tax Policy Center (2018b).
tax) resulting from an increase in the excise tax is greater than the change in the tax itself. If excise taxes increase by $1 a unit, for example, sellers will not only fully shift the tax but also increase the underlying price, resulting in a greater than $1 retail price hike to consumers. The farther the distance from a bordering state, the greater the likelihood that over-shifting will occur, due to the lack of competition.

A hike in the excise tax for beer, wine or distilled spirits in Virginia could very well bring about over-shifting in pricing. While the state would receive an increase in tax revenue, consumers would likely face higher net-of-tax prices. Some research into this question indicates that, even in markets for alcoholic beverages that exhibit over-shifting, hikes in excise tax increases generally tend to be quite favorable for increasing tax revenue. Indeed, the actual experience of excise tax hikes in states across the U.S. reveals that such increases, including for alcoholic beverages, have been consistently successful in generating tax revenue.

Moreover, per capita consumption of beer, wine and distilled spirits in Virginia has been remarkably constant over the past 20 years, with a small increasing trend for wine and spirits. Thus, consumers in Virginia have largely absorbed the continual market-based price increases in alcoholic beverages that have occurred over this period without undergoing major changes in their consumption. In fact, per capita consumption of wine and distilled spirits in Virginia has exhibited small but steady increases over the past decade. And while the record indicates a decreasing trend over time in Virginia’s per capita consumption of beer, the emergence of the rapidly growing craft beer industry may lead to a reversal of this pattern.

Might an increase in excise taxes on alcoholic beverages have benefits beyond raising additional tax revenue for Virginia? As a “sin tax,” any decrease in alcohol use stemming from increased excise taxes on beer, wine and distilled spirits might lead to declines in some negative behavior associated with over-consumption of alcohol. This may take the form of negative externalities, such as underage binge drinking, driving under the influence or other signs of alcohol abuse. While our preliminary evidence does indicate that Virginia has less incidence of alcohol abuse relative to most other states, any reduction in this behavior would be welcome. Further, the Virginia government could allocate a portion of the increased tax revenues to statewide programs that address such alcohol-related problems.

It’s not clear how much these negative behaviors would decrease in Virginia as a result of such a tax hike, especially since our per capita alcoholic beverage consumption seems to be fairly unresponsive to price increases. Arguably, though, any reduction in this direction stands as favorable. Moreover, considerable research indicates that excise tax rates in the U.S. on “sin tax” goods, such as alcoholic beverages, are well below optimal rates for achieving significant and acceptable reductions in these negative behaviors.

As another potential benefit, Virginia could use the increased revenue from hikes in excise taxes on alcoholic beverages (and perhaps other goods) to effect some relief for its taxpayers in their state income tax. With the significant reductions in deductibility for state and local income taxes and property taxes, the federal tax reform legislation of 2017 produced shockwaves for residents of states impacted in this way. Many Virginia residents will be significantly affected by these changes in the federal tax structure in their 2018 tax returns and beyond.

Although Virginia seems to have kept property tax and sales tax rates down relative to other states, it relies much more heavily on income taxes. Excise taxes from alcoholic beverages make up a small percentage of total tax revenue for the Commonwealth. However, with increased revenue from this source, along with possibly raising excise taxes on some other goods, including cigarettes and gasoline, Virginia may be able to lessen the state income tax burden on its residents. This move could benefit Virginians in their federal taxes as well. Increased excise taxes could also counteract any decreased state income tax revenue during future downturns in the economy.

We should not, however, discount that Virginia is now home to a unique craft brewing industry and an emerging craft distillery industry, along

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13 See a summary of these changes at Tax Policy Center (2018a, 2018b).
14 See a summary of this literature at Congressional Research Service (2014).
with established beer, wine and spirits producers. While consumers have shown that they are not highly responsive to changes in price, care must be taken not to throw these nascent and established firms out with the bathwater. There must be a balance between increasing revenue and job creation, especially given that some locations in the Commonwealth (Richmond and Hampton Roads, in particular) are now tourist destinations for beer, wine and, most likely in the future, spirits.

There is also the question of whether governments should try to incentivize specific types of behavior through the tax system. The administrative complex and inefficient federal tax code is a prime example of how good intentions have gone awry. As the complexity of the tax code increases, the transparency of the tax system declines and voters’ awareness of what taxes they are paying diminishes. While the consumption of alcoholic beverages does generate social costs that may not be adequately captured by the current tax system, should we use taxes to further decrease consumption? An unintended consequence might be that consumers seek alternative forms of consumption, to include illegal drugs, which have more serious costs and consequences for society. We only have to look at the history of the Prohibition era to observe how good intentions had unintended results.

The best course of action may be to stay the course. While it may be tempting to increase excise tax rates or markups on alcoholic beverages, the emergence of Virginia as a beverage destination has been a boon for local economies. Ensuring that some portion of excise tax revenues on alcohol continues to fund education, outreach and recovery efforts is a wise course of action. While some may view staying the course as inaction, it is preferable to slowing job growth and development in industries associated with alcohol production and consumption.