

Testimony Before the Sunset Advisory Commission

Texas Alcoholic Beverage Commission Sunset Review Hearing

December 13, 2018

Good Morning, Chairman Birdwell and fellow members of the Commission, and thank you for the opportunity to speak to you today.

I'm Nicole Holt, CEO of Texans Standing Tall. We are a statewide organization committed to creating healthier and safer environments in which alcohol, tobacco, and other drugs have no place in the lives of youth.

Currently, the average age children start using alcohol in Texas is 13 years old – that's about the age of your typical 7th grader. Nearly a third of Texas middle and high school students say they've used alcohol in the past month, and about 1 in 4 high school seniors say they've engaged in binge drinking in that same time period. This is alarming for many reasons, but namely because it means young people are putting themselves and their futures at risk by engaging in risky behaviors like driving drunk, or riding with others who have been drinking. It's also alarming from a public health and safety standpoint because they're putting others at risk every time they do dangerous things like get behind the wheel of a car after drinking.

Reducing and preventing underage alcohol use and the associated harms is a critical piece of the work we do, and the Texas Alcoholic Beverage Commission plays an equally critical role in helping us do that work. It's important to remember that alcohol is not an ordinary commodity – it is not like milk or orange juice where, typically, the worst thing that can happen if someone drinks too much is that they'll end up with a stomachache. Alcohol is, in fact, a substance that has direct and indirect effects on our bodies and our communities. Therefore, it requires a different, more rigorous regulatory structure than other products in the marketplace. The regulatory framework on which the TABC is built is a part of that public health and safety framework. Thus, adequate funding for the agency to ensure enough bandwidth to enforce the regulatory system is extremely important.

We understand and support the need to streamline TABC's administrative processes and outputs while protecting the fidelity of its regulatory powers as framed in the current three-tier system. Such efforts should focus on increasing enforcement capabilities and guarding the public's health and safety while supporting transparency. We also believe that updating the system by which outlets obtain licenses and permits will help reduce redundancies and allow TABC to focus more of its regulatory efforts on "bad neighbors" who are not operating within the confines of the law. However, it is important to make sure that important public health protections are not eliminated in the process. We recommend establishing a Public Health Committee of 9-persons maximum, 5-persons minimum, to be comprised of public health stakeholders. This group would be tasked with providing input and expertise on protecting the public's health and safety, including maintaining strong enforcement efforts by the TABC, as part of the alcohol regulatory process in our state.

ther, we believe it is important for citizens to have a voice in the decision-making process regarding whens, wheres, and hows of any entity that sells alcohol in their community. We also strongly

support improving the system by which the public can have a voice in the number of outlets in their community. A Public Health Committee could be a mechanism for input in licensing considerations.

Additionally, in several sections of the report, reference is made to the lack of public benefit with regards to advertising and marketing restrictions and reducing those regulations as a result. We would like to emphasize the fact that research indicates that alcohol advertising plays a significant role in a young person's decision to drink, and that reducing youth exposure to all forms of alcohol advertising reduces monthly and binge drinking among adolescents. Research from the Center on Alcohol Marketing and Youth and many other studies reflect that name brands, among other advertising practices, do in-fact have an impact on youth consumption choices. Any changes to existing marketing or advertising restrictions should either enforce or expand laws that limit advertising placements to audiences under 21 in order for the full public safety benefit of such restrictions to be realized. Rather than reduce restrictions to ease the regulatory enforcement burden, it would be wiser and in line with best practices regarding public health to maintain and improve the marketing and advertising restrictions and increase enforcement to ensure compliance. The Public Health Committee could provide input and guidance on marketing and advertising best practices as it relates to public health and safety protections.

We also think it is important to consider the pricing of alcoholic beverages. From a public health and safety standpoint, beverages with a higher alcohol volume are taxed at a higher rate to address the negative impact they can have on individuals and the surrounding community. These higher prices also reduce and prevent underage drinking, alcohol dependence, and other negative consequences associated with youth alcohol consumption. Therefore, should the state decide to eliminate the distinction between beer and ale and combine them into a single category of malt beverages, our recommendation is to tax them at a higher level of 19.8 cents per gallon, rather than the lower level of 19.4 cents per gallon.

I have provided a copy of our report on the impact on how the price of alcohol impacts public health outcomes in Texas. The executive summary and page 10 in the report provides a reference point for how every penny, or fraction thereof, has an impact on public health and safety. The price is described in this report on a per drink basis for the ease of understanding by the general public. The economists, experts in excise taxes and public health professionals, who created these models, did so using TABC's per-gallon price and then used appropriate methodology to extrapolate a per-drink price for the reader.

Texas Standing Tall strongly agrees that the TABC plays an essential regulatory role when it comes to public health and safety. In order to carry out its important work, the agency should receive funding at levels that allow it to sufficiently and efficiently regulate alcohol sales in Texas. We believe the three-tier system is critical to public health and safety protections. Though streamlining the TABC's regulatory processes and increasing transparency are important aspects of increasing the agency's capacity, we must ensure that any updates to existing statutes strengthen the agency's ability to protect communities from the negative consequences of underage and excessive alcohol consumption.