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Senate Deficit Reduction

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Healthcare and Human Services Budget Deficit and Revenue Shortfall

Funds for Veterans, DHS Community Mental and Substance Use Disorder Care

The State of Illinois is in a serious fiscal crisis. This crisis is impairing the state's ability to maintain support of safety net community care. The unprecedented state deficit and the state's difficulty in paying community care providers for care they have delivered is bankrupting community care.

Illinois' children, mothers, families and individuals are experiencing increased economic hardship resulting in an increased need for community care. The State of Illinois has an opportunity to help veterans and also maintain community care provided by mental health and substance misuse treatment community providers.

Increases of 1 or 2 cents in the alcohol tax yields approximately \$93.6 million

A prudent use of these funds would help the State of Illinois to maintain its current commitments for Illinois' children, mothers, families and individuals in need of community care and treatment and address the infrastructure needs of mental health and substance misuse treatment community providers.

Veterans' assistance, health care and supportive service	\$30 million
DHS - Community Mental Health	\$20 million
DHS - Community Substance Abuse	\$20 million
Improvement in State's ability to pay community providers --- cash flow	\$20 million

Increases of 1 or 2 cents in the alcohol tax yields approximately \$93.6 million

12 ounces per beer	1 cent
5 ounces per glass of wine	2 cents
One ounce shot per distilled liquors	2 cents

From the Legislative Research Unit's most recent revenue book, the amount received from the taxes and the rates per gallon are as follows:

Type of Alcohol	2007 Collections (in \$ millions)	Tax Per Gallon (\$'s)
Beer	51.6	0.185
Wine less than 14% alcohol	21.4	0.73
Wine between 14% and 20% alcohol	1.6	0.73
Distilled Spirits >20% alcohol	81.4	4.5

The total tax collection is \$156 million in 2007 and \$158 million in 2008. The break downs by type of liquor weren't available, so calculations for CBHA estimates in this testimony used 2007 information:

Type of Alcohol	Increase in Tax/Gal (cents)	Ounces per gallon	Ounces per drink	Drinks per gallon	Increase Tax per drink (cents)
Beer	11.1	128	12	10.7	1.04
Wine less than 14% alcohol	43.8	128	5	25.6	1.71
Wine between 14% and 20% alcohol	43.8	128	5	25.6	1.71
Distilled Spirits >20% alcohol	270	128	1	128.0	2.11