



Alcopops Q & A

What are alcopops?

Prevention advocates use the term “alcopops” for sweetened alcoholic beverages that are usually sold in single serving bottles or cans. They are often bubbly and/or fruit-flavored, and resemble soda or other soft drinks. Alcopops contain about the same amount of alcohol as beer (roughly 5%, sometimes higher). However, up to half the alcohol in alcopops is derived from distilled spirits. Alcopops are also known in the industry as “flavored malt beverages,(FMBs)” “malternatives,” and “flavored alcoholic beverages.”

How are alcopops made?

While industry keeps most manufacturing information secret, from what little we do know, alcopops apparently start out as beer. Then manufacturers remove the color, taste, and much of the alcohol from the beer, leaving mostly water. They then add flavorings, sweeteners, and distilled alcohol for the finished product.

When did alcopops first come on the scene?

Alcopops have been around since the mid-1990s. Zima, introduced by Coors in 1994, was one of the first products. Even then, popular culture references made fun of Zima’s appeal among young girls. Skits on Saturday Night Live featured a married man attempting to seduce a babysitter with Zima, and a teenage girl hosting a party and offering Zima to her friends. Wine-based coolers, like Gallo’s Bartles&Jaymes, switched to a beer base in the 1990’s and are now know as “flavored malt coolers.”

What companies make alcopops?

Manufacturers include Anheuser-Busch, the world’s largest brewer, and Diageo, the largest multinational beer, wine, and spirits company in the world. The top selling alcopops brands include Mike’s Hard Lemonade (Mark Anthony Group), Smirnoff Ice (Diageo), Skyy Blue (Skyy Vodka and SAB Miller), Bacardi Silver and Bacardi Breezer (both Anheuser-Busch).

Who is drinking alcopops?

Underage girls drink alcopops more than any other type of alcoholic beverage. While industry says the drinks are intended for adults, women 21 and older rank alcopops as their least consumed alcoholic beverage. About one-third of teenage girls ages 12 to 18 and one-fifth of teenage boys have tried alcopops. Young people call alcopops “cheerleader beer,” “chick beer,” and “bitch beer.”

Why are alcopops of such great concern?

Alcopops fuel the epidemic of underage drinking. Because they don’t taste, smell, or look like alcohol, alcopops serve as a transition or bridge from soft drinks to alcohol, especially for young girls. The packaging and promotion of alcopops has led to a misperception these products are “lighter” than similar products. Young people report drinking alcopops because they are easier to conceal and “go down easy.”

How are alcopops currently taxed and why is this a problem?

Because the alcohol industry cleverly calls alcopops “flavored malt beverages,” the state of California currently taxes alcopops as beer, at the relatively low rate of 20 cents per gallon. This is inconsistent with California law that requires alcoholic beverages with any distilled spirits to be taxed as distilled spirits, at the much higher rate of \$3.20 per gallon. Failure to collect additional taxes on these products costs the government approximately \$53 million in lost revenue annually. Also, because companies enjoy such low taxes, they can keep product prices down and more appealing to youth. Thus, incorrectly taxing alcopops mean that young people can buy alcopops for less than the cost of a soda.

Why is the California Board of Equalization (BOE) considering changing how alcopops are taxed?

Late last year, four young people, representing California’s youth, petitioned the BOE to reclassify alcopops as distilled spirits. These young people presented their petition at a public hearing in December 2006 and the BOE voted to accept the petition and initiated a series of public meetings and analysis to review alcopop taxes. The BOE is scheduled to make a decision regarding the reclassification of alcopops in August 2007.

Would reclassifying alcopops create a new tax?

No. Reclassifying alcopops would end years of tax evasion by the makers of alcopops and collect approximately \$53 million in additional annual revenue.

What is the alcopops lawsuit that was filed against the Board of Equalization?

Santa Clara County has filed a lawsuit against the BOE also demanding reclassification of alcopops as distilled spirits and taxation of these products consistent with California law. This lawsuit is an additional legal strategy to affect the same outcome as the petition process: the correct tax classification of alcopops as distilled spirits.

What are the two California bills that are currently pending on alcopops?

AB 346 - An Act to Restrict Youth Access to Alcoholic Beverages with Special Appeal to Minors, introduced by Assembly Member Jim Beall, will limit youth access to alcohol products, such as alcopops, with particular youth appeal. Alcohol-spiked “energy drinks” and pre-packaged “Jell-O-shots” are defined by the bill as having special youth appeal. For all other beverages, the Department of Alcoholic Beverage Control will identify youth appeal based on the taste and packaging of the beverage and the extent of youth consumption. Products determined to have special youth appeal will be required to carry a label, “Warning: Contains Alcohol” and be subject to specific marketing restrictions to limit youth access.

AB 345 - The Underage Drinking Prevention Act of 2007, introduced by Assembly Member Lori Saldana, allocates \$53 million in tax revenue resulting from the proper taxation of alcopops to the prevention of underage drinking. Revenue from a new license fee for manufacturers, distributors, and retailers of alcopops will also go into the fund. The fund will be divided among the Department of Alcoholic Beverage Control (20% for enforcement of underage drinking laws), the State Department of Alcohol and Drug Programs (30% for market research, a media campaign, and assessment of youth recovery programs), and county health departments (50% for emergency/trauma services, youth recovery and prevention programs).

What is the industry position on why alcopops should not be classified as distilled spirits and what is the best response?**Argument #1: The alcohol added to alcopops isn’t really distilled spirits.**

The makers of alcopops are trying to claim there is a distinction between the “neutral spirits” they add to alcopops and “distilled spirits” referenced in California law. But California law clearly

requires any “hybrid” beverages such as alcopops to be classified as distilled spirits. Don’t allow industry to play tricks with language.

Argument #2: If the BOE reclassifies alcopops, then many beers, which contain similar additives such as hops extracts, will also fall under this definition.

In this classic slippery slope argument, industry merely seeks to distract and scare the state regulators into believing that correctly classifying alcopops will open the door to unintended reclassification of other products. The best response is to simply say that our concern is alcopops. It’s up to the manufacturers to prove what is in their products. If the beverages contain distilled spirits, they should be taxed accordingly.

What groups and organizations in CA are working to solve this public health problem?

California Youth Council, California Friday Night Live Partnership, and Students Making a Change in Communities filed the petition prompting the current review of alcopops taxes by the BOE. Many other groups actively support this youth led initiative; Alameda County, Alcohol Policy Network, California Coalition on Alcopops and Youth, California Council on Alcohol Policy, California Council on Alcohol Problems, California Girl Scouts Council, California PTA, County Alcohol and Drug Program Administrators of California, Consumers for Auto Reliability and Safety, Environmental Prevention in Communities, Lake County AOD, Marin County, Marin Institute, Mendocino County, Pacific Institute for Research and Evaluation, San Diego Policy Panel on Youth Access to Alcohol, Students for a Safer Southside, and Trinity County.

What can we do in our communities to help fight against these products?

Go to **www.marininstitute.org** to:

- Sign the petition of support to have the BOE properly tax alcopops
- Print out, sign and mail postcards of support for your member of the BOE and State Controller John Chiang
- Ask your city council or board of supervisors to adopt a resolution to the BOE supporting reclassification of alcopops
- Write a letter to the editor of your local paper supporting the appropriate taxation of alcopops.



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