



Written Comments Submitted by the  
Distilled Spirits Council of the United States  
on behalf of America's Leading Distillers to the  
Interagency Coordinating Committee on the  
Prevention of Underage Drinking  
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The Distilled Spirits Council, representing America's leading distillers, is pleased to have the opportunity to submit comments to the Interagency Coordinating Committee on the Prevention of Underage Drinking (ICCPUD). We commend SAMHSA for its leadership of ICCPUD, which as I understand it, by Congressional mandate and by direction of the Secretary, serves as a mechanism for coordinating Federal efforts and as a resource for the development of a plan to combat underage drinking.

America's leading distillers fully recognize the seriousness of underage drinking, the complexity of the problem, and the imperative nature of making a significant impact. We are and have been for decades at the forefront of combating underage drinking. The Century Council, funded by America's leading distillers, has been a leader in forging public/private partnerships to reduce underage drinking and has been repeatedly recognized for its award winning programs. In fact, as a university chancellor, I used Century Council programs during freshman orientation and as part of an ongoing year round campus education effort.

We note that the combined efforts of government, industry, and advocacy groups have made substantial progress over the past two decades. Drinking amongst high school seniors, for instance, has declined by 22.2 points from 1982 to 2003. While there is clearly much more to be done, we believe that there is much to learn from this progress. In this regard, we believe it is essential that the Federal government under SAMHSA's leadership make every effort to fully inventory the many government programs which already exist, evaluate them and determine how best to integrate and coordinate them. These steps will allow the government to determine what programs are most effective against underage drinking and will ensure that resources can be focused where they will have the most impact. This process should be taken before additional government programs are established or further legislation is considered.

Importantly, America's leading distillers believe in rigorous self-regulation and have long held themselves to a tough code of good marketing and advertising practices. In 2003, we completed a year long process which substantially enhanced our code. This updated document is an all-drinks code requiring a 70% adult demographic for all advertising, has a serious transparency component, and a distinguished external advisory panel.

America's leading distillers have long believed also that parents and other adults are a critical component in the fight against underage drinking. In this regard, we believe the recommendation of the recent National Academy of Science report to focus an educational campaign on parents and other adults and the recent Congressional appropriation funding the Ad Council initiative represent sound policy, which is evidentiary based. This re-establishes the important concept that policy and programs should in fact, be based on evidence. We believe this is a crucial axiom necessary to reducing and eventually eliminating illegal underage drinking. It will also ensure the effective use of available resources.

We further believe that Congressional direction and recommendations within the NAS Report calling for industry involvement are correct, essential and meaningful to solving the difficult problem of underage drinking. America's leading distillers, working with both the wholesale and retail tiers of the beverage alcohol industry, have put substantial resources into this effort for many decades. This effort has included advocacy of tough, underage access legislation in the states, education, and public service announcements. Over the past decade, The Century Council has become an acknowledged national leader in developing and implementing even more comprehensive programs to fight underage drinking.

In this regard, we wish to point out that while the NAS Report is extensive, the Report did not consider completely its mandate to evaluate existing and effective state, local, and private sector programs. We believe this task should also be completed and would add immeasurably to the effectiveness of our common efforts. America's leading distillers look forward to working with the Interagency Coordinating Committee, the Congress and advocacy groups in this process and we greatly appreciate the opportunity to have an equal voice in this effort with all interested parties.

To more fully respond to the recommendations of the NAS Report and other potential initiatives to reduce underage drinking, a position paper containing a detailed analysis of the recently completed NAS study and its relationship to other ongoing efforts is attached and submitted to the Interagency Committee. This paper presented on behalf of America's leading distillers more fully reflects our thoughts and experience on this important issue. Thank you sincerely for the opportunity to comment.

Comments Submitted to the Interagency Coordinating Committee  
on the Prevention of Underage Drinking  
by the Distilled Spirits Council based on the  
NAS Report and Other Strategies to Reduce Underage Drinking

**National Adult-Oriented Media Campaign**

This NAS recommendation calls for the government to fund and actively support a campaign to educate parents and other adults on their role in reducing underage drinking.

- Congress already has appropriated \$800,000 through HHS to The Ad Council to develop such an effort through their network donated media model (averaging \$30 million). We believe this provides an appropriate response to the NAS recommendation.
- Our support for The Ad Council effort is with the understanding that the beverage alcohol industry will have an equal voice at the table. The industry has extensive experience in partnering with experts to develop and implement effective programs. Our products are legal for adults and are part of a socially acceptable adult lifestyle choice. Our products should not be vilified, our industry should not be denigrated, and our voice should be heard.
- The adult-oriented approach proposed in the NAS Report mirrors our long held view, supported by scientific literature, that parents are key to any attempt to substantively impact underage drinking. In any campaign, the message should be specific to parents, emphasizing their ability to influence their children, and remind parents and other adults not to provide beverage alcohol to underage individuals.
- As with any program or campaign, it is imperative to evaluate its message and concept for effectiveness before implementation.
- Effective, sustainable parental education must be supported by ongoing programs beyond the national media campaign that include substantive information on the physiological effects of beverage alcohol consumption, standard drinks education, and state laws including BAC limits.
- The Century Council and DISCUS have developed and continue to develop many programs to assist parents and other adults to discuss alcohol with underage individuals. These programs can be an integral part of the government's campaign directed to adults.
  - For example, The Century Council's "Ready or Not" program helps parents and other adults combat underage drinking among middle-school age children (ages 10 to 14). A new version of this program is under development in cooperation with the Department of Education, NIAAA, CDC, SAMSHA, and academic experts.
- This approach also was one of the key recommendations in the FTC Report:  
Research indicates that younger minors obtain alcohol primarily from noncommercial sources such as friends, parents, and other adults....Social availability of alcohol to teens through parents, friends, and strangers can be addressed only by changing adult attitudes about teen use. Institutions focusing on alcohol issues may wish to consider development of additional programs targeted to adults.  
(FTC 2003 Report to Congress at 23.)

- The NAS Report also recognizes that “[p]arties, friends, and adult purchasers are the most frequent sources of alcohol among college students and older adolescents.” (NAS Report at 168.)
  - The NAS Report concludes: “Ultimately, adults are responsible for young people obtaining alcohol by selling, providing, or otherwise making it available to them. Given the fact that young people use multiple sources for alcohol, efforts to target underage access should not focus exclusively on commercial access to alcohol, but should also address social availability through parents, friends, and strangers.” (NAS Report at 170.)
  - According to recent research commissioned by The Century Council, 65% of underage individuals who drink obtain alcohol from family and friends, with 7% reporting that they obtained alcohol from retailers who failed to check for identification. These data are similar to the data discussed in the NAS Report at 168-170.

### **Partnership to Prevent Underage Drinking**

This NAS recommendation calls for the establishment of an independent foundation with the mission of preventing and reducing underage drinking that would be funded exclusively by the beverage alcohol industry. The industry would not be included in foundation initiatives.

- Exclusion of the beverage alcohol industry (suppliers, wholesalers or retailers of distilled spirits, beer or wine) is not the solution, nor is it consistent with our democratic society.
- America’s leading distillers established a not-for-profit organization in 1991, The Century Council, which develops and implements programs aimed at reducing underage drinking. This organization has been and is an effective vehicle for public and private partnerships that have included Federal and state government, academia, third party experts, law enforcement, and others.
- We believe that The Century Council is a proven, successful model for reducing underage drinking and working with communities across the nation to achieve this common objective.
- We do not believe that a foundation that excludes the industry or any other relevant partners will best achieve our shared goal. The industry has proven over the decades to be a valuable partner and deserves a seat at the table.
- This recommendation does not appear to recognize that the beverage alcohol industry generates \$21.6 billion in taxes, more than twice as much as its net profits. These funds already are available for a wide array of government programs.

### **Alcohol Advertising**

These NAS recommendations call for industry to avoid advertising that has a substantial underage appeal; to strengthen advertising codes to preclude inappropriate placement; and calls for funding the U.S. Department of Health & Human Services to monitor alcohol advertising.

- Our Code of Responsible Practices for Beverage Alcohol Advertising and Marketing addresses the first two points and we will continue our active compliance with, and enforcement of, this Code. This commitment to responsible advertising has been evidenced by the very existence and continuing evolution of our voluntary code of good advertising practices that has been in effect since 1934.
  - Our October 2003 Code has been expanded in scope to govern the advertising and marketing practices of over 2,800 brands of member company distilled spirits, beer and wine products. Previously, the Code applied only to distilled spirits products.
  - The provisions of our Code include a 70% demographic placement standard, independent outside advisors, content restrictions, and the issuance of a semi-annual report about

complaint decisions—all of which evidence the industry’s willingness to make its self-regulatory process accessible to all interested parties.

- Twice within the past four years, the FTC has commended self-regulation and its efficacy, and has characterized the DISCUS Code process as rigorous and effective. (FTC 2003 and 1999 Reports to Congress.)
- The FTC has concluded self-regulation (1) is particularly suitable in light of the First Amendment issues that otherwise would be raised by government regulation of advertising; (2) can deal quickly and flexibly with a wide range of advertising issues without the rigidity of government regulation; and (3) is a realistic, responsive and responsible approach. (FTC 1999 Report to Congress.)
- The FTC has the responsibility for monitoring alcohol advertising and has decades of experience in this area. We believe the recommendation for HHS to monitor alcohol advertising is inappropriate and would oppose its implementation.
  - This recommendation wrongly places advertising oversight in an agency, HHS, with no expertise or background in this subject.
    - Any new role for HHS to monitor advertising would be duplicative and require a steep learning curve for attaining the expertise held by the FTC.
  - This recommendation also fails to take into consideration that the FTC recently has undertaken two exhaustive reviews of alcohol advertising and whether it is targeted at youth, in 1999 and 2003. In both reviews, the FTC concluded that the alcohol industry did not target youth and has an effective system of advertising self-regulation.
  - The creation of an unneeded new bureaucracy would not be a wise use of limited government resources.
- The NAS Report recognizes that “a causal link between alcohol advertising and underage alcohol use has not been clearly established.” (Report at 136.)
  - The Department of Health and Human Services’ Special Report to Congress (2000) concluded that, when all of the studies are considered, the results of the research on the effects of alcohol advertising are not conclusive. HHS also states that “[t]he bulk of this research supports the claim that alcohol advertising reallocates consumption among brands or beverage types.”
  - Ten years earlier, HHS reached the same conclusion in its 1990 Report to Congress: “Research has yet to document a strong relationship between alcohol advertising and alcohol consumption.”
  - Research by experts also has found that advertising does not cause underage drinking or alcohol abuse. See Martin P. Block, Congressional Testimony (1992); Joseph C. Fisher, Advertising, Alcohol Consumption, and Abuse: A Worldwide Survey (Greenwood Press 1993); J.P. Nelson and D.J. Young, “Do Advertising Bans Work? An International Comparison,” International Journal of Advertising (2001).

## **Limiting Youth Access**

These NAS recommendations propose to enact and/or strengthen laws including the use of false IDs, purchase of beverage alcohol by minors and for minors by adults, and graduated driver’s licensing laws.

- We have supported and continue to strongly support effective laws and consistent enforcement of state measures directed to underage sales and purchases by minors and for minors by adults. We support Federal initiatives to provide consistency among state laws regarding the components of the minimum drinking age as illustrated in the NTSB State Age 21 Laws Chart.

- We have developed model legislation that has been enacted in various states which includes provisions for the use of false IDs, underage purchases and purchases by adults for underage individuals.
  - This model legislation has received commendations from SAMSHA, the Safe and Drug-Free Schools Program of the Department of Education and NHTSA.
- We support graduated licensing, administrative license revocation (ALR) for any violations, and improvements in the administrative and judicial proceedings to enforce these laws.
- We support the enforcement of zero tolerance laws for underage individuals, streamlined administrative procedures and administrative penalties; all of these provisions also are part of the DISCUS model legislation that has been enacted in various states.
- We support state/community partnerships to develop model compliance activities to enforce the underage sale and the underage purchase laws.
  - Distillers have taken the lead in supporting the Responsible Retailing Forum's (RRF) initiatives to develop "best practices" in retailer compliance that are underway with pilot programs in the States of Iowa, Missouri, Alabama, and New Mexico.
    - In its 2003 Report, the FTC noted:  
 During this past year, the many stakeholders in the alcohol control process—including state alcohol control agencies; state law enforcement officials; representatives of major retail outlets; and alcohol producers, wholesalers, and distributors—organized under the aegis of the Responsible Retailing Forum (RRF) to evaluate what changes are needed to reduce minors' ability to purchase alcohol in retail outlets. Support is needed for the efforts of organizations, like RRF, that can conduct rigorous field studies of the efficacy of alternative approaches to improving enforcement of minimum age purchase laws.  
 (FTC 2003 Report to Congress at 24.)
- As most alcohol is obtained by underage individuals from noncommercial sources, The Century Council is working through retailers to place "Tip Cards" in the bags of purchases. These "Tip Cards" remind parents and adults not to provide alcohol to underage individuals. This initiative complements the "Shoulder Tap" programs that various states have initiated.
- We support initiatives to improve driver's licenses to facilitate retailer verification.
- We support state initiatives for server/seller training for both on- and off-premise establishments.
- We do not support Synar-type legislation for alcohol sales (the Synar amendment withholds state substance abuse monies if compliance does not reach a certain percentile).
  - This is inconsistent with the basic thrust of the NAS Report, which emphasizes the leading role parents play in preventing underage drinking.
  - Most alcohol obtained by underage individuals is from noncommercial sources.
- The Century Council program "Cops in Shops," funded by the distilled spirits industry, has been implemented in 42 States and has been recognized by the Department of Justice as a Promising Practice Program. This program targets attempted purchases by underage individuals and adults who attempt to purchase on their behalf.

- We support the use of Federal incentive grants to states to effectively address the use of false IDs, purchases by minors, purchases by adults on behalf of minors, and other state initiatives.
- We support greater access to treatment for underage individuals and offender funded programs.
  - In keeping with this concept, a significant portion of fines collected as a result of underage violations, committed either by underage individuals or adults, would be remitted back to the county of arrest for local prevention and treatment efforts.

### **College/Community Interventions**

These NAS recommendations call for collaborative college and community approaches to reduce underage drinking and recognize the reciprocal influence of college campuses and local communities.

- We support programs to help communities and colleges combat underage drinking.
  - DISCUS has used this approach in creating and facilitating one national and five regional “American Campus and Alcohol” conferences across the country. These conferences team together beverage alcohol suppliers, wholesalers and local retailers, government officials, campuses, and their communities to address alcohol abuse on our nation’s campuses.
    - DISCUS, its member companies and local retailers and wholesalers provided grants to 17 Universities to develop programs.
- The Century Council also has developed programs directed to college campuses, including “Alcohol 101 Plus,” an award-winning interactive CD-ROM program in use at over 2,000 colleges and universities aimed at helping students make safe and responsible decisions about alcohol on college campuses; “Promising Practices,” a compendium of programs in use in colleges across the country; and “Parents, You’re Not Done Yet,” a program designed to encourage parents of incoming college freshmen to discuss responsible decision-making before they leave for college.
  - We support the use of Federal agency grant funds for outcome evaluations of college and other anti-underage drinking programs.

### **Government Assistance and Coordination**

These NAS recommendations call for the establishment of a Federal interagency coordinating committee on the prevention of underage drinking; a national training and research center on underage drinking; an annual report on underage drinking issued by HHS; and other related activities.

- Congress already has charged HHS and HHS has appointed SAMSHA to coordinate Federal agencies that have programs to reduce underage drinking and to catalogue these programs. HHS also should determine the efficiency of delivery and the efficacy of all government-funded programs.
  - This initiative equally should include an assessment of how federal grant monies are being used and for what purpose by the grantee.
  - This effort also should include an inventory of state and local programs, and a coordination of all of these efforts, as well as private sector programs.
- Better coordination and less bureaucracy will lead to better utilization of resources where each agency, Federal, state and local, can contribute based upon their experience and expertise.
- We support the continued Federal funding for the Department of Education’s Office of Safe and Drug-Free Schools alcohol abuse reduction programs.
- The proposal for a national training and research center is not well defined in the Report. It appears to duplicate the activities of NIAAA and other Federal agencies.

- The proposal for an annual report by HHS also is not well defined. It appears to duplicate other government reports, such as the University of Michigan's "Monitoring the Future" Report that is an ongoing study funded by the National Institute on Drug Abuse.

### **Alcohol Excise Taxes**

This NAS recommendation calls for raising both state and Federal Excise Taxes. These taxes then would be indexed to the consumer price index so that they keep pace with inflation without the necessity of further legislative action.

- We are opposed to this action. We believe that it is inappropriate to further tax a product that, in the case of distilled spirits, already is on average taxed at over a 50% rate. In fact, the total direct taxes, Federal, state and local, generated by beer, wine and distilled spirits is \$21.6 billion. Total net profits are \$9.7 billion. Thus, industry taxes are more than twice as much as the industry's total net profits.
- This is an exorbitant tax burden and it would be unfair to further tax 100 million adults who drink responsibly. There is no specific evidence to suggest that this would significantly reduce illegal underage drinking (especially since, as the Report notes, alcohol is generally provided to minors by adults); and increased taxes would disproportionately hurt the hospitality industry and would result in lost jobs.
- The majority of alcohol obtained by underage individuals is provided to them by persons of legal purchase age. (According to recent research commissioned by The Century Council, 65% of underage individuals who drink obtain alcohol from family and friends, with 7% reporting that they obtained alcohol from retailers who failed to check for identification. These data are similar to the data discussed in the NAS Report at 168-170.) This means that the purchases were legal, but the subsequent access was inappropriate and illegal.
- Increasing taxes is inconsistent with the key recommendation of the NAS Report, which is that parents and other adults have the most ability to impact underage drinking. The lesson from this is that the key preventative factor is parents' attitudes and their willingness and ability to educate their children, not the cost of the product.

### **Conclusion**

As the NAS Report recognizes, the "ultimate responsibility for preventing and reducing underage drinking lies with the entire national community, not with government alone." (NAS Report at 10.) America's distillers are doing their part and are key to the collective community efforts to fight underage drinking. Progress is being made and there is more to be done. Together, we all will make a difference.