

HOUSE BILL NO. 751
INTRODUCED BY C. HARRIS

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING CERTAIN TAXES ON ALCOHOLIC BEVERAGES; PROVIDING THAT INCREASED REVENUE FROM TAXES ON ALCOHOLIC BEVERAGES MUST BE USED BY THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES FOR THE PREVENTION OF OR TREATMENT OF EFFECTS RELATED TO FETAL ALCOHOL SYNDROME; AMENDING SECTIONS 16-1-401, 16-1-404, 16-1-406, 16-1-411, AND 53-24-108, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-1-401, MCA, is amended to read:

"16-1-401. Liquor excise tax. (1) The department shall collect at the time of the sale and delivery of any liquor ~~as authorized under any provision of the laws of the state of Montana~~ an excise tax at the rate of:

(a) ~~46%~~ 17% of the retail selling price on all liquor sold and delivered in ~~the~~ this state by a company that manufactured, distilled, rectified, bottled, or processed; and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section;

(b) ~~43.8%~~ 14.8% of the retail selling price on all liquor sold and delivered in ~~the~~ this state by a company that manufactured, distilled, rectified, bottled, or processed; and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section.

(2) The department shall, by the 10th day of each month:

(a) ~~retain the amount~~ deposit 93.66% of the excise tax received in ~~a separate account and shall, in accordance with the provisions of 15-1-501, deposit, to the credit of~~ in the state general fund in accordance with the provisions of 15-1-501, the amount collected and received not later than the 10th day of each month; and

(b) deposit 6.34% in the state special revenue fund to the credit of the department of public health and human services for the prevention of fetal alcohol syndrome and to treat the effects of fetal alcohol syndrome, including developmental disabilities and the need for special education, job training, assisted living, and short-term and long-term medical care."

Section 2. Section 16-1-404, MCA, is amended to read:

"16-1-404. License tax on liquor -- amount -- distribution of proceeds. (1) The department shall collect at the time of sale and delivery of any liquor ~~under any provisions of the laws of the state of Montana~~ a license tax of:

(a) ~~40%~~ 11% of the retail selling price on all liquor sold and delivered in ~~the~~ this state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section;

(b) ~~8.6%~~ 9.6% of the retail selling price on all liquor sold and delivered in ~~the~~ this state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section.

(2) The license tax must be charged and collected on all liquor brought into the state and taxed by the department. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax. The department shall retain in a separate account the amount of the license tax received. The department, in accordance with the provisions of 15-1-501, shall allocate the revenue as follows:

(a) ~~Thirty-four and one-half percent~~ 31.45% is allocated to the state general fund;:

(b) ~~Sixty-five and one-half percent~~ 58.41% must be deposited in the state special revenue fund to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency;: and

(c) 10.14% must be deposited in the state special revenue fund to the credit of the department of public health and human services for the prevention of fetal alcohol syndrome and to treat the effects of fetal alcohol syndrome, including developmental disabilities and the need for special education, job training, assisted living, and short-term and long-term medical care.

(3) The license tax proceeds that are allocated to the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency must be credited quarterly to the department of public health and human services. The legislature may appropriate a portion of the license tax proceeds to support alcohol and chemical dependency programs. The remainder must be distributed as provided in 53-24-206."

Section 3. Section 16-1-406, MCA, is amended to read:

"16-1-406. Taxes on beer. (1) (a) A tax is imposed on each barrel of 31 gallons of beer sold in Montana

by a wholesaler. A barrel of beer equals 31 gallons. The tax is based upon the total number of barrels of beer produced by a brewer in a year. A brewer who produces less than 20,000 barrels of beer a year is taxed on the following increments of production:

- (i) up to 5,000 barrels, ~~\$4.30~~ \$1.31;
 - (ii) 5,001 barrels to 10,000 barrels, ~~\$2.30~~ \$2.32; and
 - (iii) 10,001 barrels to 20,000 barrels, ~~\$3.30~~ \$3.33.
- (b) The tax on beer sold for a brewer who produces over 20,000 barrels is ~~\$4.30~~ \$4.34.

(2) The tax imposed pursuant to subsection (1) is due at the end of each month from the wholesaler upon beer sold by the wholesaler during that month. The department shall compute the tax due on beer sold in containers other than barrels or in barrels of more or less capacity than 31 gallons.

(3) Each quarter, in accordance with the provisions of 15-1-501, of the tax collected pursuant to subsection (1), an amount equal to:

(a) ~~23.26%~~ 23% must be deposited in the state ~~treasury~~ special revenue fund to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency;

(b) 1% must be deposited in the state special revenue fund to the credit of the department of public health and human services for the prevention of fetal alcohol syndrome and to treat the effects of fetal alcohol syndrome, including developmental disabilities and the need for special education, job training, assisted living, and short-term and long-term medical care; and

~~(b)~~(c) the balance must be deposited in the state general fund."

Section 4. Section 16-1-411, MCA, is amended to read:

"16-1-411. Tax on wine and hard cider -- penalty and interest. (1) (a) A tax of ~~27~~ 27.3 cents per liter is imposed on table wine, except hard cider, imported by a table wine distributor or the department.

(b) A tax of ~~3.7~~ 3.74 cents per liter is imposed on hard cider imported by a table wine distributor or the department.

(2) The tax imposed in subsection (1) must be paid by the table wine distributor by the 15th day of the month following sale of the table wine or hard cider from the table wine distributor's warehouse. Failure to file a tax return or failure to pay the tax required by this section subjects the table wine distributor to the penalties and interest provided for in 15-1-216.

(3) The tax paid by a table wine distributor in accordance with subsection (2) must, in accordance with

the provisions of 15-1-501, be distributed as follows:

- (a) ~~69%~~ 68.23% to the state general fund; ~~and~~
- (b) ~~34%~~ 30.66% to the state special revenue fund to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency; and
- (c) 1.11% to the state special revenue fund to the credit of the department of public health and human services for the prevention of fetal alcohol syndrome and to treat the effects of fetal alcohol syndrome, including developmental disabilities and the need for special education, job training, assisted living, and short-term and long-term medical care.

(4) The tax computed and paid in accordance with this section is the only tax imposed by the state or any of its subdivisions, including cities and towns.

(5) For purposes of this section, "table wine" has the meaning assigned in 16-1-106, but does not include hard cider."

Section 5. Section 53-24-108, MCA, is amended to read:

"53-24-108. (Temporary) Use of funds generated by taxation on alcoholic beverages. (1) Revenue generated by 16-1-404, 16-1-406, and 16-1-411 and allocated to the department to be used as matching funds for the Montana medicaid program and to be used in state-approved private or public programs whose function is the treatment, rehabilitation, and prevention of alcoholism, which for the purposes of this section includes chemical dependency, may be distributed in any of the following ways:

- (a) as payment of fees for alcoholism services provided by state-approved private or public alcoholism programs and licensed hospitals for detoxification services;
- (b) as grants to state-approved private or public alcoholism programs; or
- (c) as matching funds for the Montana medicaid program administered by the department that are used for the treatment of alcoholism, chemical dependency, and related illnesses.

(2) (a) Services provided by funding under this chapter may include treatment and rehabilitation for persons with co-occurring mental illness and chemical dependency.

(b) The department shall distribute at least \$1 million to state-approved chemical dependency programs during fiscal year 2003. During fiscal year 2003, the department may use other sources of funding to meet its obligations under this subsection (2)(b). At least \$730,000 of funds distributed under this subsection (2)(b) must be derived from revenue generated by 16-1-404, 16-1-406, and 16-1-411 and must be distributed to counties, as provided in 53-24-206(3)(b), for the private or public programs approved pursuant to 53-24-208. The remaining

balance may consist of a combination of funds generated by taxation on alcoholic beverages and other funds available to the department.

(3) A person operating a state-approved alcoholism program may not be required to provide matching funds as a condition of receiving a grant under subsection (1).

(4) In addition to funding received under this section, a person operating a state-approved alcoholism program may accept gifts, bequests, or the donation of services or money for the treatment, rehabilitation, or prevention of alcoholism.

(5) A person receiving funding under this section to support operation of a state-approved alcoholism program may not refuse alcoholism treatment, rehabilitation, or prevention services to a person solely because of that person's inability to pay for those services.

(6) A grant made under this section is subject to the following conditions:

(a) The grant application must contain an estimate of all program income, including income from earned fees, gifts, bequests, donations, and grants from other than state sources during the period for which grant support is sought.

(b) Whenever, during the period of grant support, program income exceeds the amount estimated in the grant application, the amount of the excess must be reported to the grantor.

(c) The excess must be used by the grantee under the terms of the grant in accordance with one or a combination of the following options:

(i) use for any purpose that furthers the objectives of the legislation under which the grant was made;
or

(ii) to allow program growth through the expansion of services or for capital expenditures necessary to improve facilities where services are provided.

(7) Revenue generated by 16-1-404, 16-1-406, and 16-1-411 for the treatment, rehabilitation, and prevention of alcoholism that has not been encumbered for those purposes by the counties of Montana or the department must be returned to the state special revenue fund for the treatment, rehabilitation, and prevention of alcoholism within 30 days after the close of each fiscal year and must be distributed by the department the following year as provided in 53-24-206(3)(b). (Terminates July 1, 2003--sec. 6, Ch. 470, L. 2001; sec. 3, Ch. 21, Sp. L. August 2002.)

53-24-108. (Effective July 1, 2003) Use of funds generated by taxation on alcoholic beverages. (1) Revenue generated by 16-1-404, 16-1-406, and 16-1-411 and allocated to the department to be used in state-approved private or public programs whose function is the treatment, rehabilitation, and prevention of

alcoholism, which for the purposes of this section includes chemical dependency, may be distributed in any of the following ways:

(a) as payment of fees for alcoholism services provided by state-approved private or public alcoholism programs and licensed hospitals for detoxification services;

(b) as grants to state-approved private or public alcoholism programs; or

(c) as matching funds for the Montana medicaid program administered by the department that are used for alcoholism and chemical dependency programs.

(2) A person operating a state-approved alcoholism program may not be required to provide matching funds as a condition of receiving a grant under subsection (1).

(3) In addition to funding received under this section, a person operating a state-approved alcoholism program may accept gifts, bequests, or the donation of services or money for the treatment, rehabilitation, or prevention of alcoholism.

(4) A person receiving funding under this section to support operation of a state-approved alcoholism program may not refuse alcoholism treatment, rehabilitation, or prevention services to a person solely because of that person's inability to pay for those services.

(5) A grant made under this section is subject to the following conditions:

(a) The grant application must contain an estimate of all program income, including income from earned fees, gifts, bequests, donations, and grants from other than state sources during the period for which grant support is sought.

(b) Whenever, during the period of grant support, program income exceeds the amount estimated in the grant application, the amount of the excess must be reported to the grantor.

(c) The excess must be used by the grantee under the terms of the grant in accordance with one or a combination of the following options:

(i) use for any purpose that furthers the objectives of the legislation under which the grant was made; or

(ii) to allow program growth through the expansion of services or for capital expenditures necessary to improve facilities where services are provided.

(6) Revenue generated by 16-1-404, 16-1-406, and 16-1-411 for the treatment, rehabilitation, and prevention of alcoholism that has not been encumbered for those purposes by the counties of Montana or the department must be returned to the state special revenue fund for the treatment, rehabilitation, and prevention of alcoholism within 30 days after the close of each fiscal year and must be distributed by the department the

following year as provided in 53-24-206(3)(b).

(7) Revenue generated by 16-1-401, 16-1-404, 16-1-406, and 16-1-411 and allocated to the department for the prevention of fetal alcohol syndrome and to treat the effects of fetal alcohol syndrome, including developmental disabilities and the need for special education, job training, assisted living, and short-term and long-term medical care, may be distributed in any of the following ways:

(a) as payment of fees for services provided for the prevention of or treatment of effects related to fetal alcohol syndrome by state-approved private or public programs and licensed hospitals;

(b) as grants to state-approved private or public programs for the prevention of or treatment of effects related to fetal alcohol syndrome; or

(c) as matching funds for the Montana medicaid program administered by the department that are used for the prevention of or treatment of effects related to fetal alcohol syndrome by state-approved private or public programs."

NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2003.

NEW SECTION. Section 7. Applicability. [This act] applies to sales of alcoholic beverages taxed under 16-1-401, 16-1-404, 16-1-406, and 16-1-411 occurring after June 30, 2003.

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