

SENATE BILL NO. 559  
INTRODUCED BY C. KAUFMANN

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE TAX ON BEER PRODUCED BY LARGE BREWERIES; PROVIDING THAT THE INCREASED REVENUE IS ALLOCATED TO THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES FOR ALCOHOLISM AND CHEMICAL DEPENDENCY PROGRAMS AND FOR THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM; AMENDING SECTIONS 16-1-406, 53-4-1012, AND 53-24-108, MCA; AND PROVIDING AN EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE."

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

**Section 1.** 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, \$1.30;

(ii) 5,001 barrels to 10,000 barrels, \$2.30; and

(iii) 10,001 barrels to 20,000 barrels, \$3.30.

(b) The tax on beer sold for a brewer who produces over 20,000 barrels is ~~\$4.30~~ \$9.

(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%~~ 63% must be deposited in the state treasury to the credit of the department of public health and human services for:

(i) the treatment, rehabilitation, and prevention of alcoholism and chemical dependency as provided in 53-24-108; and

(ii) funding the state children's health insurance program by deposit in the state special revenue account

provided for in 53-4-1012; and

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

**Section 2.** Section 53-4-1012, MCA, is amended to read:

**"53-4-1012. (Temporary) State special revenue account.** (1) There is an account in the state special revenue fund to the credit of the state children's health insurance program administered by the department of public health and human services. One-half of the revenue collected under 16-1-406(3)(a) that is allocated to the department of public health and human services must be deposited in the account. Any interest or income derived from the account must be deposited in the account.

(2) Money deposited in this account must be used by the department to cover additional children, to expand eligibility within the limits provided in 53-4-1004, to reduce or maintain premiums, or to establish and maintain a reserve.

(3) The department shall transfer the unexpended balance of an appropriation into the account provided for in subsection (1) at the expiration of the appropriation to be used for the purposes stated in subsection (2). (Terminates on occurrence of contingency--sec. 7, Ch. 565, L. 2005.)"

**Section 3.** Section 53-24-108, MCA, is amended to read:

**"53-24-108. Use of funds generated by taxation on alcoholic beverages.** (1) Revenue generated by 16-1-404; and 16-1-411 and one-half of the revenue generated by 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, must be distributed as follows:

(a) 20% is statutorily appropriated, as provided in 17-7-502, to be allocated as provided in 53-24-206(3)(b), and must be distributed as grants to state-approved private or public alcoholism programs;

(b) 6.6% is statutorily appropriated, as provided in 17-7-502, to be distributed to state-approved private or public alcoholism programs that provide services for treatment and rehabilitation for persons with co-occurring serious mental illness and chemical dependency; and

(c) the remainder of funds not statutorily appropriated in subsections (1)(a) and (1)(b) may be distributed:

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

(ii) 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)(a).

(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)."

**NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2007.

**NEW SECTION. Section 5. Applicability.** [This act] applies to beer sold by a wholesaler on or after July 1, 2007.

NEW SECTION. **Section 6. Contingent termination.** Section 16-1-406(3)(a)(ii) and [sections 2 and 3] terminate on the date that the director of the department of public health and human services certifies to the governor that the federal government has terminated the children's health insurance program or that federal funding for the program has been discontinued.

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