

1 H BILL NO. 603
 2 INTRODUCED BY F. Eugene Courvoisier
 3 F. H. Meyer Rabun W. Baith Sullivan
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO RAISE REVENUE FROM
 5 THE TAXATION OF ALCOHOLIC BEVERAGES TO FUND STATE AND LOCAL
 6 RESPONSIBILITIES UNDER THE ALCOHOLISM TREATMENT AND
 7 REHABILITATION LAWS; AMENDING SECTIONS 4-1-401 AND 4-1-404,
 8 R.C.M. 1947."
 9

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

11 Section 1. Findings and policy. It is the policy of
 12 the state of Montana to provide for the social impacts
 13 created by use of a particular commodity by taxing the use
 14 of that commodity at levels adequate to fund mitigative
 15 programs. The legislature finds that the consumption of
 16 alcoholic beverages causes some Montanans to habitually lose
 17 their self-control of that consumption and become
 18 alcoholics. A policy for dealing with the social impacts of
 19 alcoholism on its victims and their families was declared by
 20 chapter 302 of the Laws of 1974, but the legislature finds
 21 that the funding provided in that act is not sufficient to
 22 implement that policy. The purpose of this act is to
 23 increase the taxes on liquor and beer, paying the increases
 24 to the county governments, and to the state general fund on
 25 the understanding that state agency alcoholism programs are

1 entitled to a commensurate general fund appropriation when
2 need and justification can be established.

3 Section 2. State-approved alcoholism programs
 4 utilizing funding generated by taxation on alcoholic
 5 beverages. (1) State-approved alcoholism programs utilizing
 6 funding for the treatment, rehabilitation, and prevention of
 7 alcoholism, as provided by the counties of Montana and the
 8 department of institutions, generated by taxation on
 9 alcoholic beverages may not be required to provide matching
 10 funds, notwithstanding any other laws. This section does not
 11 preclude the acceptance, by approved alcoholic programs in
 12 Montana, of gifts, bequests, or the donation of services or
 13 money for the treatment, rehabilitation, or prevention of
 14 alcoholism.

15 (2) State-approved alcoholism programs using revenue
 16 generated by the taxation on alcoholic beverages may not
 17 refuse treatment, rehabilitation, or prevention of
 18 alcoholism services solely because of an individual's
 19 inability to pay.

20 (3) Whenever revenue is generated by the payments of
 21 fees for services by state-approved alcoholism programs,
 22 such payments for services shall:

23 (a) be returned to the county treasurer of a county in
 24 which funding has been provided from taxation on alcoholic
 25 beverages to the extent of funds allocated to the program by

1 the county;

2 (b) be returned to the state's general fund whenever
3 funding has been appropriated from taxation on alcoholic
4 beverages to the extent of such appropriation.

5 (4) Revenue generated by 4-1-401 and 4-1-404 for the
6 treatment, rehabilitation, and prevention of alcoholism
7 which has not been encumbered for such purposes by the
8 counties of Montana and the department shall be returned to
9 the state's general fund within 30 days after the close of
10 each fiscal year.

11 Section 3. Section 4-1-401, R.C.M. 1947, is amended to
12 read as follows:

13 "4-1-401. License tax on liquor — amount —
14 distribution of proceeds. (1) The department of revenue is
15 hereby authorized and directed to charge, receive and
16 collect at the time of sale and delivery of any liquor under
17 any provisions of the laws of the state of Montana a license
18 tax of ~~five percent (5%)~~ 15% of the retail selling price on
19 all liquor so sold and delivered. Said tax shall be charged
20 and collected on all liquor brought into the state and taxed
21 by the department of revenue. The retail selling price
22 shall be computed by adding to the cost of said liquor the
23 state markup as designated by the department. ~~Said five~~
24 ~~percent (5%)~~ This 15% license tax shall be figured in the
25 same manner as the state excise tax and shall be in addition

1 to said state excise tax. The department of revenue shall
2 retain the amount of such ~~five percent (5%)~~ 15% license tax
3 so received in a separate account. ~~Four-fifths (4/5)~~
4 Two-thirds of these revenues shall be distributed to the
5 counties according to the amount of liquor purchased in each
6 county. ~~One-fifth (1/5)~~ One-third of these revenues shall
7 be ~~deposited in the general fund~~ retained by the state.
8 Provided, however, in the case of purchases of liquor by a
9 retail liquor licensee for use in his business, the
10 department shall make such regulations as are necessary to
11 apportion that proportion of license tax so generated to the
12 county where the licensed establishment is located, for use
13 as provided in section 4-1-402, R.C.M. 1947. The department
14 of revenue shall pay quarterly to each county treasurer the
15 proportion of the license tax due each county.

16 (2) The county treasurer of each county shall retain
17 ~~one-fourth (1/4)~~ seven-tenths of said license tax, and
18 shall, within thirty (30) days after receipt thereof,
19 apportion the remaining ~~three-fourths (3/4)~~ three-tenths
20 thereof to the treasurers of the incorporated cities and
21 towns within his county, said apportionment to be based in
22 each instance upon the proportion which the gross sale of
23 liquor in such incorporated city or town bears to the gross
24 sale of liquor in all of the incorporated cities and towns
25 in his said county.

1 (3) Of the seven-tenths of the tax retained by the
 2 county, the county treasurer shall deposit six-sevenths of
 3 this amount in a fund within the county for the treatment,
 4 rehabilitation, and prevention of alcoholism as approved by
 5 the state of Montana. The remaining one-seventh of the funds
 6 shall be retained in the county treasury for use by that
 7 county.

8 (4) The one-third of the license tax on liquor
 9 retained by the state shall be deposited in the general fund
 10 to be available for appropriation to programs for the
 11 treatment, rehabilitation, and prevention of alcoholism."

12 Section 4. Section 4-1-404, R.C.M. 1947, is amended to
 13 read as follows:

14 "4-1-404. Tax on imported beer — computation in case
 15 of barrels of capacity other than thirty-one gallons. A tax
 16 of three dollars (\$3) per barrel of thirty-one (31) gallons,
 17 is hereby levied and imposed on each and every barrel of
 18 beer manufactured out of this state and sold herein by any
 19 wholesaler, which said tax shall be due at the end of each
 20 month from said wholesaler, upon any such beer so sold by
 21 him during that month. As to any beer imported and sold in
 22 containers other than barrels, or in barrels of more or less
 23 capacity than thirty-one (31) gallons, the quantity content
 24 shall be ascertained and computed by the department of
 25 revenue in determining the amount of tax due, as herein

1 provided for. An additional tax of ~~twenty-five cents (\$.25)~~
 2 \$1.75 per barrel is levied and imposed as provided by this
 3 section, and such additional tax is also to be levied and
 4 imposed at the same rate upon beer manufactured within the
 5 state. The additional tax of ~~twenty-five cents (\$.25)~~ \$1.75
 6 is to be deposited, notwithstanding ~~sections 4-347, 4-347.1~~
 7 ~~[4-1-407, 4-1-408,]~~ or any other provision, in the general
 8 fund to be available for appropriation to programs for the
 9 treatment, rehabilitation, and prevention of alcoholism."

-End-

STATE OF MONTANA

REQUEST NO. 321-77

FISCAL NOTE

Form BD-15

In compliance with a written request received February 2, 19 77, there is hereby submitted a Fiscal Note for House Bill 603 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Page 2

EFFECT ON LOCAL REVENUE

Local jurisdictions will receive 2 1/2 times the amount they could anticipate without the proposed change, from the liquor license tax; however, cities and towns will receive no increase as a result of the proposed change, as the counties will receive 7 times the amount they should expect currently.

That is,	present law	proposed law
percentage of retail selling price for liquor received by counties	1	7
percentage of retail selling price for liquor received by cities and towns	3	3

The proposed change in the beer tax will have no effect upon local jurisdictions.

LONG-RANGE EFFECTS

The state will retain 5 times as much revenue from the liquor license tax (i.e., a 400% change in net receipts from present law) and 85.7% more revenue from the beer tax, as a result of the proposed change.

TECHNICAL NOTE

Assumption 5 is unjustifiable, given that the costs of liquor and beer to the consumer will increase as a result of the proposed law, if enacted.

It appears that the intent of this bill is to set aside all of the receipts retained by the state from the liquor license tax and beer tax for alcoholism treatment and prevention programs; however, this will not necessarily be the case under the bill in its present version.

PREPARED BY DEPARTMENT OF REVENUE

Richard L. Dwyer
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-8-77

STATE OF MONTANA

REQUEST NO. 321-7

FISCAL NOTE

Form BD-15

In compliance with a written request received February 2, 19 77, there is hereby submitted a Fiscal Note for House Bill 603 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill is an act to raise revenue from the taxation of alcoholic beverages to fund state and local responsibilities under the alcoholism treatment and rehabilitation laws.

ASSUMPTIONS

1. Present law:	FY 78	FY 79
5% liquor license tax collections	\$2.029M	\$2.130M
\$3.25/barrel beer tax collections	\$2.736M	\$2.974M

- According to present law, 80% of the liquor license tax is distributed to local jurisdictions (1/4 to counties and 3/4 to cities and towns).
- According to present law, 46.15% (\$1.50/barrel) of the beer tax is distributed to cities and towns and 53.85% (\$1.75/barrel) of the beer tax goes to the state general fund.
- No additional administrative costs will result as a consequence of the proposed change in law.
- The proposed change will not adversely affect sales of liquor and beer.

FISCAL IMPACT

	FY 78			FY 79		
	Under Current Law	Under Proposed Law	Increase	Under Current Law	Under Proposed Law	Increase
Liquor License Tax Collections	\$2.029M	\$6.087M	\$4.058M	\$2.130M	\$6.390M	\$4.260M
Beer Tax Collections	\$2.736M	\$3.999M	\$1.263M	\$2.974M	\$4.347M	\$1.373M
TOTAL REVENUE	\$4.765M	\$10.086M	\$5.321M	\$5.104M	\$10.737M	\$5.633M
Local Share of Above Taxes	\$2.886M	\$5.321M	\$2.435M	\$3.077M	\$5.633M	\$2.556M
NET EFFECT	\$1.879M	\$4.765M	\$ 2.886M	\$2.027M	\$5.104M	\$ 3.077M

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BUDGET DIRECTOR

Office of Budget and Program Planning

Date: _____