

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Alcohol tax increase and funding of chemical dependency related programs

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### Overview

This bill increases the excise taxes on liquor, wine, and beer and deposits the increased revenues in an alcohol health and judicial impact fund established by the bill. Amounts in the fund are appropriated for various state and local programs that address problems caused by or related to alcohol use.

#### Section

- 1 Alcohol health and judicial impact fund.** Establishes an alcohol health impact fund to receive the revenues from the alcohol excise tax increase imposed by the bill. By April 30<sup>th</sup> of each fiscal year, the commissioners of public safety, corrections, and human services are to certify to the commissioner of finance the state budget costs of alcohol and controlled substance abuse. The section enumerates some categories of these costs, including enforcing the DUI laws, community policing grants, grants to prevent domestic violence, cost of incarcerating offenders, state-funded chemical dependency treatment programs, and so forth.

If the amount that the state collects from the special taxes on alcohol – the alcohol excise tax, the liquor gross receipts tax, and the additional general sales tax collections that result from the higher prices due to the excise taxes – exceed the certified expenditures, the excess will be transferred out of the fund to the general fund.

**Section**

**2 Alcohol excise tax rate increase.** Increases the excise tax rates that apply to liquor and wine as shown in the table (metric rates). Although there is no clear standard on drink size, these increases are about 10 cents or so per drink (somewhat higher for liquor and lower for wine). In addition, the individual categories of wine, which vary by alcohol content or whether they are carbonated, are combined into one category at a uniform rate. This has the effect of reducing the rate of tax that applies to some high-alcohol wine (there is little, if any, of this product on the market) and imposes a smaller increase on sparkling wine.

<b>Beverage Type</b>	<b>Existing Rate (per liter)</b>	<b>Proposed Rate (per liter)</b>	<b>Increase</b>
Distilled spirits (liquor)	\$1.33	\$4.71	\$3.38
Wine < 14%	.08	.69	.59
14% < wine < 21%	.25	.69	.44
21% < wine < 24%	.48	.69	.21
Wine > 24%	.93	.69	(.22)
Cider	.04	.14	.10
Low-alcohol dairy	.02	.07	.05

**3 Excise tax on beer.** Increases the per-barrel excise tax on beer from \$2.40 to \$13.97 for 3.2 beer and from \$4.60 to \$16.17 for strong beer and increases the parameters of the credit for small brewers to reflect the changes in the tax rates on strong beer. The credit applies to the first 25,000 barrels produced by a qualified brewery (brewery that manufactured less than 100,000 barrels in the previous calendar year). This tax increase is about 3.5 cents per 12 ounce beer.

**4 Deposit of revenues.** Provides that the revenues that result from the increase in taxes under sections 2 and 3 are deposited in the alcohol and judicial impact fund under section 1.

**5 Appropriations.** Provides for appropriations from the alcohol and judicial impact fund for various programs that address social problems related to alcohol use. Appropriations (amounts are not specified) are made to the following agencies:

- **Public safety** – grants to local governments for compliance checks of licensed sellers of alcohol, for domestic violence prevention, and DUI offender pilot program
- **Human services** – chemical dependency treatment, care coordination related to chemical use assessments, basic sliding fee child care, licensing of behavioral health counselors, and grants for sober high school programs
- **Supreme Court** – judicial training, county drug courts, and court and correctional costs related to chemical use assessments

**Section**

- **Health** – grants for public education and prevention
- **Housing Finance** – supportive housing programs
- **Employment and Economic Development** – job training