

A bill for an act

relating to judiciary finance; establishing an alcohol judicial and health impact fund to provide property tax relief; imposing an alcohol judicial and health impact fee; amending Minnesota Statutes 2010, sections 295.75, subdivisions 2, 11; 297G.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 297G.

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

Section 1. **[16A.726] ALCOHOL JUDICIAL AND HEALTH IMPACT FUND AND FUND REIMBURSEMENTS.**

Subdivision 1. Alcohol judicial and health impact fund. There is created in the state treasury an alcohol judicial and health impact fund to which all revenue from the alcohol judicial and health impact fee under sections 295.75, subdivision 2, paragraph (b), and 297G.23 is credited.

Subd. 2. Uses of the fund; property tax relief. (a) Amounts in the alcohol judicial and health impact fund must be used to provide property tax relief by financing state grants to local governments to offset increases in the cost of providing services, compared with their calendar year 2011 levels, directly related to or caused by alcohol and controlled substance abuse.

(b) Money in the fund, as appropriated by law, may be used to provide grants to local units of government for one or more of the following purposes, if the grants offset increased costs of providing services that otherwise would be paid with property taxes, related to or caused by alcohol and controlled substance abuse:

(1) to enforce laws for driving while impaired, including employing law enforcement officers for targeted, increased enforcement;

(2) to conduct compliance checks for on-sale and off-sale intoxicating liquor holders;

(3) to provide services to victims of domestic violence;
(4) to incarcerate offenders of driving while impaired laws and to provide programs for these offenders;
(5) for costs associated with incarcerating offenders and provide programs for these offenders;
(6) for intensive probation programs for repeat impaired driving offenders;
(7) for chemical dependency treatment;
(8) to fund health and human services program costs; and
(9) to provide detoxification services.

EFFECTIVE DATE. This section is effective September 1, 2011.

Sec. 2. Minnesota Statutes 2010, section 295.75, subdivision 2, is amended to read:

Subd. 2. **Gross receipts tax and fee imposed.** (a) A tax is imposed on each liquor retailer equal to 2.5 percent of gross receipts from retail sales in Minnesota of liquor.

(b) An alcohol judicial and health impact fee is imposed on each liquor retailer equal to 2.5 percent of the gross receipts from retail sales of liquor in Minnesota. The fee imposed under this paragraph must be treated as if it is a tax for purposes of this section.

EFFECTIVE DATE. This section is effective for sales made after August 31, 2011.

Sec. 3. Minnesota Statutes 2010, section 295.75, subdivision 11, is amended to read:

Subd. 11. **Deposit of revenues.** (a) The commissioner shall deposit all revenues, including penalties and interest, derived from the tax imposed by this section in the general fund.

(b) The commissioner of revenue shall deposit the revenues from the fee under subdivision 2, paragraph (b), in the state treasury and credit them one-half to the alcohol judicial and health impact fund under section 16A.726 and one-half to the general fund.

EFFECTIVE DATE. This section is effective September 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 297G.04, subdivision 2, is amended to read:

Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages is entitled to a ~~tax~~ credit of ~~\$4.60~~ \$11.21 per barrel on 25,000 barrels sold in any fiscal year beginning July 1, regardless of the alcohol content of the product. Qualified brewers may take the credit on the 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of:

(1) the total liability for tax and the fee under section 297G.23; or

(2) \$115,000.

For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than 100,000 barrels of fermented malt beverages in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed. In determining the number of barrels, all brands or labels of a brewer must be combined. All facilities for the manufacture of fermented malt beverages owned or controlled by the same person, corporation, or other entity must be treated as a single brewer.

EFFECTIVE DATE. This section is effective for revenues received after August 31, 2011.

Sec. 5. [297G.23] ALCOHOL JUDICIAL AND HEALTH IMPACT FEE.

Subdivision 1. Purpose. An alcohol use judicial and health impact fee is imposed on and collected from any person subject to tax under this chapter to recover for the state public safety, corrections, court, health, and human services costs related to or caused by alcohol use and to reduce alcohol use.

Subd. 2. Fee imposed. In addition to the tax imposed under sections 297G.03, subdivisions 1 and 2, and 297G.04, subdivision 1, an alcohol judicial and health impact fee is imposed upon all distilled spirits, beer, wine, and cider in this state at the following rates:

(1) on distilled spirits, liqueurs, cordials, and specialties regardless of alcohol content, excluding ethyl alcohol, \$12.86 per gallon and \$3.40 per liter;

(2) on wine containing 14 percent or less alcohol by volume, except cider as defined in section 297G.01, subdivision 3a, \$.53 per gallon and \$.14 per liter;

(3) on wine containing more than 14 percent but not more than 21 percent alcohol by volume, \$.53 per gallon and \$.14 per liter;

(4) on wine containing more than 21 percent but not more than 24 percent alcohol by volume, \$.53 per gallon and \$.14 per liter;

(5) on wine containing more than 24 percent alcohol by volume, \$.53 per gallon and \$.14 per liter;

(6) on natural and artificial sparkling wines containing alcohol, \$.53 per gallon and \$.14 per liter;

(7) on cider as defined in section 297G.01, subdivision 3a, \$.53 per gallon and \$.14 per liter;

(8) on miniatures, \$.10 per bottle;

(9) on fermented malt beverages containing not more than 3.2 percent alcohol by weight, \$6.61 per 31-gallon barrel; and

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4.1 (10) on fermented malt beverages containing more than 3.2 percent alcohol by
4.2 weight, \$6.61 per 31-gallon barrel.

4.3 Subd. 3. **Administrative and other provisions of this chapter.** The fee under this
4.4 section must be treated as if it is a tax for purposes of this chapter.

4.5 Subd. 4. **Deposit of revenues.** The commissioner of revenue shall deposit the
4.6 revenues from the fee under this section in the state treasury and credit the revenues
4.7 one-half to the alcohol judicial and health impact fund under section 16A.726 and one-half
4.8 to the general fund.

4.9 **EFFECTIVE DATE.** This section is effective September 1, 2011.