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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 885

02/25/2013 Authored by Clark, Liebling, Davnie, Allen, Moran and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; increasing the tax rates under the alcoholic beverage excise
1.3 taxes; establishing an alcohol health and judicial impact fund; providing for
1.4 deposit of revenues; appropriating money; amending Minnesota Statutes 2012,
1.5 sections 297G.03, subdivision 1; 297G.04; 297G.10; proposing coding for new
1.6 law in Minnesota Statutes, chapter 16A.

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

1.8 Section 1. **[16A.728] ALCOHOL HEALTH AND JUDICIAL IMPACT FUND.**

1.9 Subdivision 1. Alcohol health and judicial impact fund. (a) An alcohol health
1.10 and judicial impact fund is created in the state treasury. The revenues from the alcoholic
1.11 beverage excise tax under chapter 297G, as provided in section 297G.10, must be credited
1.12 to the fund.

1.13 (b) Money in the fund may be expended, as appropriated by law, for state and local
1.14 government budget costs attributable to alcohol and controlled substance use. One-half of
1.15 the money in the fund is intended to be used for judicial and other public safety-related
1.16 costs and one-half for treatment and supportive services.

1.17 Subd. 2. Certified alcohol expenditures. By April 30 of each fiscal year, the
1.18 commissioners of public safety, corrections, and human services shall certify to the
1.19 commissioner of management and budget the state budget costs attributable to alcohol use
1.20 for the previous fiscal year. These costs include, but are not limited to, costs to:

- 1.21 (1) enforce laws for driving while impaired;
- 1.22 (2) employ law enforcement officers to increase efforts for targeting crime for
1.23 driving while impaired;
- 1.24 (3) fund grants to local units of government to conduct compliance checks for
1.25 on-sale and off-sale intoxicating liquor holders;

- 2.1 (4) fund community policing grants;
- 2.2 (5) fund grants to prevent domestic violence and to provide services to victims of
- 2.3 domestic violence;
- 2.4 (6) incarcerate offenders of driving while impaired laws and provide programs
- 2.5 for these offenders;
- 2.6 (7) pay costs associated with incarcerating offenders and provide programs for
- 2.7 these offenders;
- 2.8 (8) fund grants to counties to establish and operate intensive probation programs for
- 2.9 repeat impaired driving offenders;
- 2.10 (9) increase chemical dependency treatment programs at state prisons;
- 2.11 (10) provide chemical dependency treatment, including supportive housing, job
- 2.12 training, and childcare for individuals during and following their treatment;
- 2.13 (11) fund health and human services program costs;
- 2.14 (12) fund increased judicial training relating to judicial powers and duties regarding
- 2.15 chemical use assessments;
- 2.16 (13) fund grants to counties for court services and correctional costs related to
- 2.17 conducting chemical use assessments; and
- 2.18 (14) fund education and crime prevention initiatives.

2.19 Subd. 3. **Transfer.** By June 1 of each fiscal year, the commissioner of management

2.20 and budget shall transfer from the alcohol health and judicial impact fund to the general

2.21 fund the excess, if any, for the previous fiscal year of:

- 2.22 (1) the amount of expenditures certified under subdivision 1; over
- 2.23 (2) net revenues derived from:
- 2.24 (i) the taxes imposed under sections 295.75, 297G.03, and 297G.04; and
- 2.25 (ii) increased collections of sales taxes imposed under chapter 297A that result from
- 2.26 imposition of the taxes enumerated in item (i), as estimated by the commissioner of revenue.

2.27 **EFFECTIVE DATE.** This section is effective July 1, 2013.

2.28 Sec. 2. Minnesota Statutes 2012, section 297G.03, subdivision 1, is amended to read:

2.29 Subdivision 1. **General rate; distilled spirits and wine.** The following excise tax is

2.30 imposed on all distilled spirits and wine manufactured, imported, sold, or possessed in

2.31 this state:

	Standard	Metric
2.32		
2.33 (a) Distilled spirits, liqueurs, cordials,	\$ 5.03	\$ 1.33
2.34 and specialties regardless of alcohol	<u>17.82</u> per gallon	<u>4.71</u> per liter
2.35 content (excluding ethyl alcohol)		

3.1	(b) Wine containing 14 percent or less	\$.30	\$.08
3.2	alcohol by volume (except cider as		<u>2.60</u> per gallon		<u>.69</u> per liter
3.3	defined in section 297G.01, subdivision				
3.4	3a)				
3.5	(c) Wine containing more than 14	\$.95	\$.25
3.6	percent but not more than 21 percent		<u>8.24</u> per gallon		<u>2.15</u> per liter
3.7	alcohol by volume				
3.8	(d) Wine containing more than 21	\$	1.82	\$.48
3.9	percent but not more than 24 percent		<u>15.79</u> per gallon		<u>4.13</u> per liter
3.10	alcohol by volume				
3.11	(e) Wine containing more than 24	\$	3.52	\$.93
3.12	percent alcohol by volume		<u>30.54</u> per gallon		<u>8.00</u> per liter
3.13	(f) Natural and artificial sparkling wines	\$	1.82	\$.48
3.14	containing alcohol		<u>15.79</u> per gallon		<u>4.13</u> per liter
3.15	(g) Cider as defined in section 297G.01,	\$.15	\$.04
3.16	subdivision 3a		<u>.53</u> per gallon		<u>.14</u> per liter
3.17	(h) Low-alcohol dairy cocktails	\$.08	\$.02
3.18			<u>.28</u> per gallon		<u>.07</u> per liter

3.19 In computing the tax on a package of distilled spirits or wine, a proportional tax at a
 3.20 like rate on all fractional parts of a gallon or liter must be paid, except that the tax on a
 3.21 fractional part of a gallon less than 1/16 of a gallon is the same as for 1/16 of a gallon.

3.22 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.23 Sec. 3. Minnesota Statutes 2012, section 297G.04, is amended to read:

3.24 **297G.04 FERMENTED MALT BEVERAGES; RATE OF TAX.**

3.25 Subdivision 1. **Tax imposed.** The following excise tax is imposed on all fermented
 3.26 malt beverages that are imported, directly or indirectly sold, or possessed in this state:

3.27 (1) on fermented malt beverages containing not more than 3.2 percent alcohol by
 3.28 weight, ~~\$2.40~~ \$13.97 per 31-gallon barrel; and

3.29 (2) on fermented malt beverages containing more than 3.2 percent alcohol by
 3.30 weight, ~~\$4.60~~ \$16.17 per 31-gallon barrel.

3.31 For fractions of a 31-gallon barrel, the tax rate is calculated proportionally.

3.32 Subd. 2. **Tax credit.** A qualified brewer producing fermented malt beverages is
 3.33 entitled to a tax credit of ~~\$4.60~~ \$16.17 per barrel on 25,000 barrels sold in any fiscal year
 3.34 beginning July 1, regardless of the alcohol content of the product. Qualified brewers may
 3.35 take the credit on the 18th day of each month, but the total credit allowed may not exceed
 3.36 in any fiscal year the lesser of:

3.37 (1) the liability for tax; or

3.38 (2) ~~\$115,000~~ \$404,250.

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

4.8 **EFFECTIVE DATE.** This section is effective July 1, 2013.

4.9 Sec. 4. Minnesota Statutes 2012, section 297G.10, is amended to read:

4.10 **297G.10 DEPOSIT OF PROCEEDS.**

4.11 All tax revenues and other receipts payable to the state under this chapter must be
 4.12 paid into the state treasury and credited to the general fund, except the net revenues and
 4.13 other receipts attributable to the increases imposed by sections 2 and 3 of this act must be
 4.14 deposited in the alcohol health and judicial impact fund under section 16A.728.

4.15 **EFFECTIVE DATE.** This section is effective July 1, 2013.

4.16 Sec. 5. **APPROPRIATIONS.**

4.17 (a) \$..... for the fiscal year ending June 30, 2014, and \$..... for the fiscal year
 4.18 ending June 30, 2015, are appropriated from the alcohol health and judicial impact fund
 4.19 to the commissioner of public safety. Of these amounts:

4.20 (1) \$..... the first year and \$..... the second year are for grants to local units of
 4.21 government to conduct compliance checks for on-sale and off-sale intoxicating liquor
 4.22 license holders to determine whether the license holder is complying with Minnesota
 4.23 Statutes, section 340A.503;

4.24 (2) \$..... the first year and \$..... the second year are for grants to prevent domestic
 4.25 violence and to provide services to victims of domestic violence; and

4.26 (3) \$..... for the biennium for the repeat DUI offender pilot program.

4.27 (b) \$..... for the fiscal year ending June 30, 2014, and \$..... for the fiscal year
 4.28 ending June 30, 2015, are appropriated from the alcohol health and judicial impact fund to
 4.29 the commissioner of human services. Of these amounts:

4.30 (1) \$..... the first year and \$..... the second year are for the purpose of fully funding
 4.31 Minnesota Statutes, section 254B.04, subdivision 1. This appropriation must become part
 4.32 of the base appropriation for this program;

5.1 (2) \$..... the first year and \$..... the second year to fund the chemical dependency
 5.2 treatment requirements under Minnesota Statutes, section 254B.03;

5.3 (3) \$..... for the biennium for care coordination related to chemical use assessments
 5.4 under Minnesota Statutes, section 254A.19;

5.5 (4) \$..... for the biennium for basic sliding fee child care assistance; and

5.6 (5) \$..... for the biennium to be transferred to the Board of Behavioral Health and
 5.7 Therapy under Minnesota Statutes, chapter 148F, to hire staff to conduct timely licensing
 5.8 of counselors.

5.9 (c) \$..... for the fiscal year ending June 30, 2014, and \$..... for the fiscal year
 5.10 ending June 30, 2015, are appropriated from the alcohol health and judicial impact fund to
 5.11 the chief justice of the Supreme Court. Of these amounts:

5.12 (1) \$..... the first year and \$..... the second year are for the increased judicial
 5.13 training;

5.14 (2) \$..... the first year and \$..... the second year to counties for drug courts; and

5.15 (3) \$..... the first year and \$..... the second year are for grants to counties for court
 5.16 services and correctional costs related to conducting chemical use assessments.

5.17 (d) \$..... for the fiscal year ending June 30, 2014, and \$..... for the fiscal year
 5.18 ending June 30, 2015, are appropriated from the alcohol health and judicial impact fund to
 5.19 the commissioner of health. Of these amounts, \$..... the first year and \$..... the second
 5.20 year are for grants to public health for education and prevention initiatives designed
 5.21 to eliminate underage drinking.

5.22 (e) \$..... for the fiscal year ending June 30, 2014, and \$..... for the fiscal year
 5.23 ending June 30, 2015, are appropriated from the alcohol health and judicial impact fund to
 5.24 the commissioner of the Housing Finance Agency for supportive housing.

5.25 (f) \$..... for the fiscal year ending June 30, 2014, and \$..... for the fiscal year
 5.26 ending June 30, 2015, are appropriated from the alcohol health and judicial impact fund to
 5.27 the commissioner of employment and economic development to provide job training.