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By: **Senators Ruben, Conway, Forehand, Grosfeld, Jones, and Teitelbaum**

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverage Tax - Special Fund for Geographic Cost of Education**  
3 **Index Adjustment**

4 FOR the purpose of altering State tax rates for alcoholic beverages in Maryland;  
5 altering the distribution of the alcoholic beverage tax revenues; requiring the  
6 Comptroller to distribute a portion of the alcoholic beverage tax revenues to a  
7 special fund to be used only for funding the Geographic Cost of Education Index  
8 (GCEI) adjustment; requiring funding for the Geographic Cost of Education  
9 Index adjustment to come from certain sources; authorizing certain funds to be  
10 appropriated and transferred by budget amendment from a certain special fund  
11 in a certain fiscal year; and generally relating to alcoholic beverage tax rates,  
12 the dedication of certain alcoholic beverage tax revenues for certain purposes,  
13 and funding of the Geographic Cost of Education Index adjustment.

14 BY repealing and reenacting, with amendments,  
15 Article - Education  
16 Section 5-202(f)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2005 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - Tax - General  
21 Section 2-301 and 5-105(a), (b), and (c)  
22 Annotated Code of Maryland  
23 (2004 Replacement Volume and 2005 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
25 MARYLAND, That the Laws of Maryland read as follows:

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**Article - Education**

2 5-202.

3 (f) (1) In this subsection, "GCEI adjustment" means the foundation  
4 program for each county multiplied by:

- 5 (i) 0.000 in Allegany;
- 6 (ii) 0.018 in Anne Arundel;
- 7 (iii) 0.042 in Baltimore City;
- 8 (iv) 0.008 in Baltimore;
- 9 (v) 0.021 in Calvert;
- 10 (vi) 0.000 in Caroline;
- 11 (vii) 0.014 in Carroll;
- 12 (viii) 0.000 in Cecil;
- 13 (ix) 0.020 in Charles;
- 14 (x) 0.000 in Dorchester;
- 15 (xi) 0.024 in Frederick;
- 16 (xii) 0.000 in Garrett;
- 17 (xiii) 0.000 in Harford;
- 18 (xiv) 0.015 in Howard;
- 19 (xv) 0.010 in Kent;
- 20 (xvi) 0.034 in Montgomery;
- 21 (xvii) 0.048 in Prince George's;
- 22 (xviii) 0.011 in Queen Anne's;
- 23 (xix) 0.002 in St. Mary's;
- 24 (xx) 0.000 in Somerset;
- 25 (xxi) 0.000 in Talbot;
- 26 (xxii) 0.000 in Washington;
- 27 (xxiii) 0.000 in Wicomico; and

1 (xxiv) 0.000 in Worcester.

2 (2) FUNDING FOR THE GCEI ADJUSTMENT SHALL INCLUDE:

3 (I) THE ALCOHOLIC BEVERAGE TAX REVENUES AS SPECIFIED  
4 UNDER § 2-301 OF THE TAX - GENERAL ARTICLE; AND

5 (II) FUNDS AS PROVIDED IN THE STATE BUDGET.

6 (3) To the extent funds are provided in the State budget for the grants  
7 under this subsection, in addition to the State share of the foundation program, each  
8 county board may receive a grant to reflect regional differences in the cost of  
9 education that are due to factors outside of the control of the local jurisdiction.

10 [(3)] (4) Subject to paragraph [(4)] (5) of this subsection, the amount of  
11 the grant to each county board under this subsection shall equal the GCEI  
12 adjustment for the county board multiplied times:

13 (i) 0.50 in fiscal year 2006;

14 (ii) 0.62 in fiscal year 2007;

15 (iii) 0.74 in fiscal year 2008;

16 (iv) 0.86 in fiscal year 2009; and

17 (v) 1.00 in fiscal year 2010 and each fiscal year thereafter.

18 [(4)] (5) For any fiscal year, if sufficient funds are not provided in the  
19 State budget to fully fund the grants provided under this subsection, the grant to each  
20 county board under this subsection shall equal the amount determined under  
21 paragraph [(3)] (4) of this subsection multiplied by a fraction:

22 (i) The numerator of which is the amount provided in the State  
23 budget to fund the grants; and

24 (ii) The denominator of which is the sum of the amounts calculated  
25 under paragraph [(3)] (4) of this subsection for all the county boards.

26 **Article - Tax - General**

27 2-301.

28 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute  
29 the amount necessary to administer the alcoholic beverage tax laws to an  
30 administrative cost account.

31 (b) [After] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,  
32 AFTER making the distribution required under subsection (a) of this section, the  
33 Comptroller shall distribute the remaining alcoholic beverage tax revenue to the  
34 General Fund of the State.

1 (C) (1) BEFORE MAKING THE DISTRIBUTION REQUIRED UNDER  
2 SUBSECTION (B) OF THIS SECTION, THE COMPTROLLER SHALL DISTRIBUTE TO A  
3 SPECIAL FUND 100% OF THE ADDITIONAL ALCOHOLIC BEVERAGE TAX REVENUES  
4 RESULTING FROM THE INCREASE IN THE ALCOHOLIC BEVERAGE TAX RATES UNDER  
5 CHAPTER \_\_\_\_\_ OF THE ACTS OF 2006 (S.B. \_\_\_\_\_) (6LR1421), AS DETERMINED BY THE  
6 COMPTROLLER.

7 (2) FUNDS DISTRIBUTED TO THE SPECIAL FUND UNDER PARAGRAPH (1)  
8 OF THIS SUBSECTION SHALL BE USED ONLY FOR THE PURPOSE OF PROVIDING  
9 FUNDING FOR THE GEOGRAPHIC COST OF EDUCATION INDEX ADJUSTMENT UNDER §  
10 5-202(F) OF THE EDUCATION ARTICLE.

11 5-105.

12 (a) Except as provided in subsection (e) of this section, the alcoholic beverage  
13 tax rate for distilled spirits is:

14 (1) [~~\$1.50~~] \$4.50 for each gallon or [~~39.63 cents~~] \$1.19 for each liter; and

15 (2) if distilled spirits contain a percentage of alcohol greater than 100  
16 proof, an additional tax, for each 1 proof over 100 proof, of [~~1.5~~] 4.5 cents for each  
17 gallon or [~~0.3963~~] 1.1889 cents for each liter.

18 (b) Except as provided in subsection (e) of this section, the alcoholic beverage  
19 tax rate for wine is [~~40 cents~~] \$1.20 for each gallon or [~~10.57~~] 31.71 cents for each  
20 liter.

21 (c) Except as provided in subsection (e) of this section, the alcoholic beverage  
22 tax rate on beer is [~~9~~] 27 cents for each gallon or [~~2.3778~~] 7.1334 cents for each liter.

23 SECTION 2. AND BE IT FURTHER ENACTED, That, for fiscal year 2007,  
24 funds may be appropriated and transferred by budget amendment from the special  
25 fund created under Section 1 of this Act to fund the GCEI adjustment.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 July 1, 2006.