

# SENATE BILL 729

Q7, O3, J1

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CF HB 791

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By: **Senators Madaleno, Exum, Forehand, Jones, Lenett, and Pugh**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverage Tax – Increase and Distribution of Funds**

3 FOR the purpose of altering State tax rates for alcoholic beverages sold in Maryland;  
4 altering the distribution of the alcoholic beverage tax revenue; requiring the  
5 Comptroller to distribute a portion of the alcoholic beverage tax revenue to  
6 certain special funds to be used only for certain purposes; establishing the  
7 Developmental Disability Support Fund as a special fund to be used to support  
8 certain services for individuals with developmental disability; establishing the  
9 Addiction Treatment and Prevention Fund as a special fund to be used to  
10 support certain programs for the treatment and prevention of drug and alcohol  
11 addictions; and generally relating to the alcoholic beverage tax and the  
12 dedication of certain alcoholic beverage tax revenue for certain purposes.

13 BY repealing and reenacting, with amendments,  
14 Article – Tax – General  
15 Section 2–301 and 5–105  
16 Annotated Code of Maryland  
17 (2004 Replacement Volume and 2008 Supplement)

18 BY adding to  
19 Article – Health – General  
20 Section 7–208 and 8–207  
21 Annotated Code of Maryland  
22 (2005 Replacement Volume and 2008 Supplement)

23 Preamble

24 WHEREAS, Only one–quarter of the individuals in Maryland who have alcohol  
25 and drug addictions access treatment; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Alcohol abuse costs the Maryland economy \$3.5 billion every year,  
2 and the costs associated with illicit drug abuse approach \$2.5 billion annually, for a  
3 combined total of \$6 billion yearly; and

4 WHEREAS, The majority of jailable crimes committed in Maryland and the  
5 majority of admissions to Maryland trauma centers result from drug- or  
6 alcohol-related incidents; and

7 WHEREAS, Statistics show that more than one-quarter of the individuals  
8 treated for alcohol and drug addiction and about half of the individuals treated for  
9 mental health problems, are diagnosed with a co-occurring substance use and mental  
10 health disorder; and

11 WHEREAS, Every \$1 invested in addiction treatment saves \$7 in reduced crime  
12 and criminal justice costs and, when savings related to health care are factored in,  
13 every \$1 invested saves \$12; and

14 WHEREAS, There are more than 18,000 individuals with developmental  
15 disabilities who are eligible for community-based services through the Developmental  
16 Disabilities Administration who are on a waiting list due to lack of funding; and

17 WHEREAS, community-based service providers are facing a fiscal crisis due to  
18 historical underfunding and lack of inflationary rate increases; and

19 WHEREAS, it is the policy of the State to require the Developmental  
20 Disabilities Administration to designate sufficient resources to foster and strengthen a  
21 permanent comprehensive system of community programming for individuals with  
22 developmental disabilities; and

23 WHEREAS, Developmental disabilities result in loss of economic productivity of  
24 individuals with disabilities and their caregivers who are forced to remain at home to  
25 care for their family member; and

26 WHEREAS, Fetal Alcohol Syndrome and Fetal Alcohol Spectrum Disorder is  
27 the leading known preventable cause of intellectual and physical disabilities; and

28 WHEREAS, One in 100 live births is affected by Fetal Alcohol Syndrome and  
29 Fetal Alcohol Spectrum Disorder each year, with lifetime health care costs of more  
30 than \$800,000 incurred; now, therefore,

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

33 **Article - Tax - General**

34 2-301.

1 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute  
2 the amount necessary to administer the alcoholic beverage tax laws to an  
3 administrative cost account.

4 (B) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER SUBSECTION  
5 (A) OF THIS SECTION, OF THE REMAINING ALCOHOLIC BEVERAGE TAX REVENUE,  
6 THE COMPTROLLER SHALL DISTRIBUTE:

7 (1) 27.5% TO THE DEVELOPMENTAL DISABILITY SUPPORT FUND  
8 ESTABLISHED UNDER § 7-208 OF THE HEALTH – GENERAL ARTICLE; AND

9 (2) 27.5% TO THE ADDICTION TREATMENT AND PREVENTION  
10 FUND ESTABLISHED UNDER § 8-207 OF THE HEALTH – GENERAL ARTICLE.

11 [(b)] (C) After making the [distribution] DISTRIBUTIONS required under  
12 [subsection (a)] SUBSECTIONS (A) AND (B) of this section, the Comptroller shall  
13 distribute the remaining alcoholic beverage tax revenue to the General Fund of the  
14 State.

15 5-105.

16 (a) Except as provided in subsection (d) of this section, the alcoholic beverage  
17 tax rate for distilled spirits is:

18 (1) [\$1.50] \$6.00 for each gallon or [39.63 cents] \$1.59 for each liter;  
19 and

20 (2) if distilled spirits contain a percentage of alcohol greater than 100  
21 proof, an additional tax, for each 1 proof over 100 proof, of [1.5] 6.0 cents for each  
22 gallon or [0.3963] 1.59 cents for each liter.

23 (b) Except as provided in subsection (d) of this section, the alcoholic beverage  
24 tax rate for wine is [40 cents] \$1.60 for each gallon or [10.57] 42.28 cents for each  
25 liter.

26 (c) Except as provided in subsection (d) of this section, the alcoholic beverage  
27 tax rate on beer is [9] 36 cents for each gallon or [2.3778] 9.5112 cents for each liter.

28 (d) The tax imposed under § 5-102(b) of this subtitle shall equal the amount  
29 that the discriminating jurisdiction charges a Maryland licensee or permit holder.

30 Article – Health – General

31 7-208.

1           (A) IN THIS SECTION, "FUND" MEANS THE DEVELOPMENTAL  
2    DISABILITY SUPPORT FUND.

3           (B) THERE IS A DEVELOPMENTAL DISABILITY SUPPORT FUND.

4           (C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED  
5    SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL DISABILITY.

6           (D) THE SECRETARY SHALL ADMINISTER THE FUND.

7           (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT  
8    SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

9                   (2) THE STATE TREASURER SHALL HOLD THE FUND  
10   SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

11          (F) THE FUND CONSISTS OF:

12                   (1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE  
13   FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

14                   (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

15                   (3) INVESTMENT EARNINGS OF THE FUND; AND

16                   (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED  
17   FOR THE BENEFIT OF THE FUND.

18          (G) (1) THE FUND MAY BE USED ONLY AS PROVIDED IN THIS  
19   SUBSECTION.

20                   (2) THE SECRETARY SHALL USE 50% OF THE MONEY IN THE  
21   FUND TO SUPPORT PROVIDERS WHO ARE LICENSED UNDER THIS TITLE, BY:

22                           (I) PROVIDING FUNDING FOR THE AVERAGE COST OF  
23   WAGES AND BENEFITS OF COMMUNITY-BASED DIRECT SUPPORT STAFF, AS  
24   DETERMINED BY THE COMMUNITY SERVICES REIMBURSEMENT RATE  
25   COMMISSION; AND

26                           (II) IF THE DEPARTMENT HAS PROVIDED FULL FUNDING  
27   FOR THE COSTS DESCRIBED IN ITEM (I) OF THIS PARAGRAPH, PROVIDING  
28   FUNDING FOR THE REMAINING COSTS OF PROVIDING SERVICES.

1           **(3) THE SECRETARY SHALL USE 50% OF THE MONEY IN THE**  
2 **FUND TO SUPPORT SERVICES TO INDIVIDUALS WHO ARE ON THE**  
3 **ADMINISTRATION WAITING LIST AND ARE ELIGIBLE FOR, BUT NOT RECEIVING,**  
4 **ONE OR MORE SERVICES FROM THE ADMINISTRATION, AS FOLLOWS:**

5                   **(I) 25% OF THE FUNDS UNDER THIS PARAGRAPH SHALL BE**  
6 **USED TO PROVIDE COMMUNITY-BASED RESIDENTIAL SERVICES,**  
7 **COMMUNITY-BASED DAY SERVICES, AND SUPPORTED EMPLOYMENT SERVICES**  
8 **TO INDIVIDUALS; AND**

9                   **(II) 75% OF THE FUNDS UNDER THIS PARAGRAPH SHALL BE**  
10 **USED TO PROVIDE COMMUNITY-BASED RESPITE CARE, INDIVIDUAL SUPPORT**  
11 **SERVICES, AND FAMILY SUPPORT SERVICES TO INDIVIDUALS LIVING WITH**  
12 **THEIR FAMILIES.**

13           **(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE**  
14 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

15                   **(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**  
16 **CREDITED TO THE FUND.**

17           **(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN**  
18 **ACCORDANCE WITH THE STATE BUDGET.**

19           **(J) MONEY EXPENDED FROM THE FUND TO SUPPORT**  
20 **COMMUNITY-BASED SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL**  
21 **DISABILITY:**

22                   **(1) IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE**  
23 **PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE**  
24 **PROGRAMS; AND**

25                   **(2) MAY NOT BE USED TO COVER THE COST OF PROVIDING**  
26 **INFLATIONARY ADJUSTMENTS AS REQUIRED UNDER § 16-201.2 OF THIS**  
27 **ARTICLE.**

28           **(K) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT**  
29 **SHALL SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF**  
30 **THE STATE - GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY, ON THE**  
31 **NUMBER OF INDIVIDUALS SERVED AND THE SERVICES PROVIDED IN THE**  
32 **PRECEDING FISCAL YEAR USING THE FUND.**

33 **8-207.**

1           (A)    **IN THIS SECTION, “FUND” MEANS THE ADDICTION TREATMENT AND**  
2 **PREVENTION FUND.**

3           (B)    **THERE IS AN ADDICTION TREATMENT AND PREVENTION FUND.**

4           (C)    **THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED**  
5 **PROGRAMS FOR THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL**  
6 **ADDICTIONS IN ADULTS AND ADOLESCENTS, INCLUDING TREATMENT FOR**  
7 **THOSE WITH CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH**  
8 **DISORDERS.**

9           (D)    **THE SECRETARY SHALL ADMINISTER THE FUND.**

10          (E)    (1)   **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
11 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

12                   (2)   **THE STATE TREASURER SHALL HOLD THE FUND**  
13 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

14          (F)    **THE FUND CONSISTS OF:**

15                   (1)   **ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE**  
16 **FUND UNDER § 2-301(B) OF THE TAX – GENERAL ARTICLE;**

17                   (2)   **MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

18                   (3)   **INVESTMENT EARNINGS OF THE FUND; AND**

19                   (4)   **ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**  
20 **FOR THE BENEFIT OF THE FUND.**

21          (G)    **THE FUND MAY BE USED ONLY TO PROVIDE ADDITIONAL FUNDING**  
22 **FOR THE ADMINISTRATION TO SUPPORT COMMUNITY-BASED PROGRAMS FOR**  
23 **THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL ADDICTIONS IN**  
24 **ADULTS AND ADOLESCENTS, INCLUDING TREATMENT FOR THOSE WITH**  
25 **CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.**

26          (H)    (1)   **THE STATE TREASURER SHALL INVEST THE MONEY OF THE**  
27 **FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

28                   (2)   **ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**  
29 **CREDITED TO THE FUND.**

1           (I)    EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN  
2 ACCORDANCE WITH THE STATE BUDGET.

3           (J)    MONEY   EXPENDED   FROM   THE   FUND   TO   SUPPORT  
4 COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF  
5 DRUG AND ALCOHOL ADDICTIONS IN ADULTS AND ADOLESCENTS IS  
6 SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING  
7 THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE PURPOSES.

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 July 1, 2009.