

BEER EXCISE TAX REVENUE AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jack R. Draxler

Senate Sponsor: Allen M. Christensen

LONG TITLE

General Description:

This bill modifies the Alcoholic Beverage Control Act and the Substance Abuse and Mental Health Act to address the use of beer excise tax revenues to prevent abuse of alcohol and other substances.

Highlighted Provisions:

This bill:

- ▶ expands the scope of the Alcoholic Beverage Enforcement and Treatment Restricted Account to become the Alcoholic Beverage and Substance Abuse Enforcement and Treatment Restricted Account;
- ▶ modifies definition provisions;
- ▶ requires use of a specific level of revenues for prevention;
- ▶ addresses preparation of forms;
- ▶ grants rulemaking authority; and
- ▶ makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2014.

Utah Code Sections Affected:

AMENDS:



- 28 **32B-2-401**, as enacted by Laws of Utah 2010, Chapter 276
- 29 **32B-2-402**, as last amended by Laws of Utah 2011, Chapter 307
- 30 **32B-2-403**, as enacted by Laws of Utah 2010, Chapter 276
- 31 **32B-2-404**, as last amended by Laws of Utah 2011, Chapter 307
- 32 **62A-15-103**, as last amended by Laws of Utah 2013, Chapters 17, 167, and 400

34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **32B-2-401** is amended to read:

**Part 4. Alcoholic Beverage and Substance Abuse Enforcement and
Treatment Restricted Account Act**

38 **32B-2-401. Title.**

39 This part is known as the "Alcoholic Beverage and Substance Abuse Enforcement and
40 Treatment Restricted Account Act."

41 Section 2. Section **32B-2-402** is amended to read:

42 **32B-2-402. Definitions -- Calculations.**

43 (1) As used in this part:

44 (a) "Account" means the Alcoholic Beverage and Substance Abuse Enforcement and
45 Treatment Restricted Account created in Section **32B-2-403**.

46 (b) "Advisory council" means the Utah Substance Abuse Advisory Council created in
47 Section **63M-7-301**.

48 (c) "Alcohol-related offense" means:

49 (i) a violation of:

50 (A) Section **41-6a-502**; or

51 (B) an ordinance that complies with the requirements of:

52 (I) Subsection **41-6a-510**(1); or

53 (II) Section **76-5-207**; or

54 (ii) an offense involving the illegal:

55 (A) sale of an alcoholic product;

56 (B) consumption of an alcoholic product;

57 (C) distribution of an alcoholic product;

58 (D) transportation of an alcoholic product; or

- 59 (E) possession of an alcoholic product.
- 60 (d) "Annual conviction time period" means the time period that:
- 61 (i) begins on July 1 and ends on June 30; and
- 62 (ii) immediately precedes the fiscal year for which an appropriation under this part is
- 63 made.
- 64 (e) "Municipality" means:
- 65 (i) a city; or
- 66 (ii) a town.
- 67 (f) (i) "Prevention" is as defined by rule, in accordance with Title 63G, Chapter 3, Utah
- 68 Administrative Rulemaking Act, by the Division of Substance Abuse and Mental Health within
- 69 the Department of Human Services.
- 70 (ii) In defining the term "prevention," the Division of Substance Abuse and Mental
- 71 Health shall:
- 72 (A) include only evidence based or evidence informed programs; and
- 73 (B) provide for coordination with local substance abuse authorities designated to
- 74 provide substance abuse services in accordance with Section 17-43-201.
- 75 (2) For purposes of Subsection 32B-2-404(1)(b)(iii), the number of premises located
- 76 within the limits of a municipality or county:
- 77 (a) is the number determined by the department to be so located;
- 78 (b) includes the aggregate number of premises of the following:
- 79 (i) a state store;
- 80 (ii) a package agency; and
- 81 (iii) a retail licensee; and
- 82 (c) for a county, consists only of the number located within an unincorporated area of
- 83 the county.
- 84 (3) The department shall determine:
- 85 (a) a population figure according to the most current population estimate prepared by
- 86 the Utah Population Estimates Committee;
- 87 (b) a county's population for the 25% distribution to municipalities and counties under
- 88 Subsection 32B-2-404(1)(b)(i) only with reference to the population in the unincorporated
- 89 areas of the county; and

90 (c) a county's population for the 25% distribution to counties under Subsection
 91 [32B-2-404](#)(1)(b)(iv) only with reference to the total population in the county, including that of
 92 a municipality.

93 (4) (a) A conviction occurs in the municipality or county that actually prosecutes the
 94 offense to judgment.

95 (b) If a conviction is based upon a guilty plea, the conviction is considered to occur in
 96 the municipality or county that, except for the guilty plea, would have prosecuted the offense.

97 Section 3. Section [32B-2-403](#) is amended to read:

98 **[32B-2-403. Alcoholic Beverage and Substance Abuse Enforcement and](#)**
 99 **Treatment Restricted Account created.**

100 (1) (a) There is created in the General Fund a restricted account known as the
 101 "Alcoholic Beverage and Substance Abuse Enforcement and Treatment Restricted Account."

102 (b) The account is funded from:

103 (i) money deposited by the state treasurer in accordance with Section [59-15-109](#);

104 (ii) appropriations made to the account by the Legislature; and

105 (iii) interest described in Subsection (1)(c).

106 (c) Interest earned on the account shall be deposited into the account.

107 (2) (a) (i) Consistent with the policies provided in Subsection [32B-1-103](#)(4)(b), money
 108 in the account shall be used for statewide public purposes, including promoting the reduction
 109 of the harmful effects of substance abuse, over consumption of alcoholic products by an adult,
 110 and alcohol consumption by minors, by exclusively funding programs or projects related to
 111 prevention, treatment, detection, prosecution, and control of violations of this title and other
 112 offenses in which alcohol or substance abuse is a contributing factor except as provided in
 113 Subsection (2)(b).

114 (ii) (A) Except for the portion distributed under Subsection [32B-2-404](#)(1)(b)(iv) and
 115 except as provided in Subsection (2)(a)(ii)(B), a municipality or county shall expend ~~H~~→ [not less
 116 than] on prevention from local or state revenue of the municipality or county an amount that
 116a equals or exceeds ~~←H~~ 10% of the portion distributed under this part to the municipality or county
 116b ~~H~~→ [on prevention] ←H .

117 (B) Subsection (2)(a)(ii)(A) does not apply to a municipality that in the prior fiscal year
 118 received a distribution of \$5,000 or less under this part.

119 (b) The portion distributed under this part to a county may also be used for the
 120 confinement or treatment of persons arrested for or convicted of offenses in which alcohol or

121 substance abuse is a contributing factor.

122 (c) A municipality or county entitled to receive money shall use the money exclusively
123 as required by this Subsection (2).

124 (3) The appropriations provided for under Section 32B-2-404 are:

125 (a) intended to supplement the budget of the appropriate agencies of each municipality
126 and county within the state to enable the municipalities and counties to more effectively fund
127 the programs and projects described in Subsection (2); and

128 (b) not intended to replace money that would otherwise be allocated for the programs
129 and projects in Subsection (2).

130 Section 4. Section 32B-2-404 is amended to read:

131 **32B-2-404. Alcoholic Beverage and Substance Abuse Enforcement and**
132 **Treatment Restricted Account distribution.**

133 (1) (a) The money deposited into the account under Section 32B-2-403 shall be
134 distributed to municipalities and counties:

135 (i) to the extent appropriated by the Legislature, except that the Legislature shall
136 appropriate each fiscal year an amount equal to at least the amount deposited in the account in
137 accordance with Section 59-15-109; and

138 (ii) as provided in this Subsection (1).

139 (b) The amount appropriated from the account shall be distributed as follows:

140 (i) 25% to municipalities and counties on the basis of the percentage of the state
141 population residing in each municipality and county;

142 (ii) 30% to municipalities and counties on the basis of each municipality's and county's
143 percentage of the statewide convictions for all alcohol-related offenses;

144 (iii) 20% to municipalities and counties on the basis of the percentage of the following
145 in the state that are located in each municipality and county:

146 (A) state stores;

147 (B) package agencies;

148 (C) retail licensees; and

149 (D) off-premise beer retailers; and

150 (iv) 25% to the counties for confinement and treatment purposes authorized by this part
151 on the basis of the percentage of the state population located in each county.

152 (c) (i) Except as provided in Subsection (1)(c)(ii), if a municipality does not have a law
153 enforcement agency:

154 (A) the municipality may not receive money under this part; and

155 (B) the State Tax Commission:

156 (I) may not distribute the money the municipality would receive but for the
157 municipality not having a law enforcement agency to that municipality; and

158 (II) shall distribute the money that the municipality would have received but for it not
159 having a law enforcement agency to the county in which the municipality is located for use by
160 the county in accordance with this part.

161 (ii) If the advisory council finds that a municipality described in Subsection (1)(c)(i)
162 demonstrates that the municipality can use the money that the municipality is otherwise eligible
163 to receive in accordance with this part, the advisory council may direct the State Tax
164 Commission to distribute the money to the municipality.

165 (2) To determine the distribution required by Subsection (1)(b)(ii), the State Tax
166 Commission shall annually:

167 (a) for an annual conviction time period:

168 (i) multiply by two the total number of convictions in the state obtained during the
169 annual conviction time period for violation of:

170 (A) Section 41-6a-502; or

171 (B) an ordinance that complies with the requirements of Subsection 41-6a-510(1) or
172 Section 76-5-207; and

173 (ii) add to the number calculated under Subsection (2)(a)(i) the number of convictions
174 obtained during the annual conviction time period for the alcohol-related offenses other than
175 the alcohol-related offenses described in Subsection (2)(a)(i);

176 (b) divide an amount equal to 30% of the appropriation for that fiscal year by the sum
177 obtained in Subsection (2)(a); and

178 (c) multiply the amount calculated under Subsection (2)(b), by the number of
179 convictions obtained in each municipality and county during the annual conviction time period
180 for alcohol-related offenses.

181 (3) By not later than September 1 each year:

182 (a) the state court administrator shall certify to the State Tax Commission the number

183 of convictions obtained for alcohol-related offenses in each municipality or county in the state
184 during the annual conviction time period; and

185 (b) the advisory council shall notify the State Tax Commission of any municipality that
186 does not have a law enforcement agency.

187 (4) By not later than December 1 of each year, the advisory council shall notify the
188 State Tax Commission for the fiscal year of appropriation of:

189 (a) a municipality that may receive a distribution under Subsection (1)(c)(ii);

190 (b) a county that may receive a distribution allocated to a municipality described in
191 Subsection (1)(c)(i);

192 (c) a municipality or county that may not receive a distribution because the advisory
193 council has suspended the payment under Subsection 32B-2-405(2)(a); and

194 (d) a municipality or county that receives a distribution because the suspension of
195 payment has been cancelled under Subsection 32B-2-405(2).

196 (5) (a) By not later than January 1 of the fiscal year of appropriation, the State Tax
197 Commission shall annually distribute to each municipality and county the portion of the
198 appropriation that the municipality or county is eligible to receive under this part, except for
199 any municipality or county that the advisory council notifies the State Tax Commission in
200 accordance with Subsection (4) may not receive a distribution in that fiscal year.

201 (b) (i) The [~~State Tax Commission~~] advisory council shall prepare forms for use by a
202 municipality or county in applying for a distribution under this part.

203 (ii) A form described in this Subsection (5) may require the submission of information
204 the [~~State Tax Commission~~] advisory council considers necessary to enable the State Tax
205 Commission to comply with this part.

206 Section 5. Section **62A-15-103** is amended to read:

207 **62A-15-103. Division -- Creation -- Responsibilities.**

208 (1) There is created the Division of Substance Abuse and Mental Health within the
209 department, under the administration and general supervision of the executive director. The
210 division is the substance abuse authority and the mental health authority for this state.

211 (2) The division shall:

212 (a) (i) educate the general public regarding the nature and consequences of substance
213 abuse by promoting school and community-based prevention programs;

- 214 (ii) render support and assistance to public schools through approved school-based
- 215 substance abuse education programs aimed at prevention of substance abuse;
- 216 (iii) promote or establish programs for the prevention of substance abuse within the
- 217 community setting through community-based prevention programs;
- 218 (iv) cooperate and assist other organizations and private treatment centers for substance
- 219 abusers, by providing them with essential materials for furthering programs of prevention and
- 220 rehabilitation of actual and potential substance abusers;
- 221 (v) promote integrated programs that address an individual's substance abuse, mental
- 222 health, and physical healthcare needs;
- 223 (vi) evaluate the effectiveness of programs described in Subsection (2);
- 224 (vii) consider the impact of the programs described in Subsection (2) on:
- 225 (A) emergency department utilization;
- 226 (B) jail and prison populations;
- 227 (C) the homeless population; and
- 228 (D) the child welfare system; and
- 229 (viii) promote or establish programs for education and certification of instructors to
- 230 educate persons convicted of driving under the influence of alcohol or drugs or driving with
- 231 any measurable controlled substance in the body;
- 232 (b) (i) collect and disseminate information pertaining to mental health;
- 233 (ii) provide direction over the state hospital including approval of its budget,
- 234 administrative policy, and coordination of services with local service plans;
- 235 (iii) promulgate rules in accordance with Title 63G, Chapter 3, Utah Administrative
- 236 Rulemaking Act, to educate families concerning mental illness and promote family
- 237 involvement, when appropriate, and with patient consent, in the treatment program of a family
- 238 member; and
- 239 (iv) promulgate rules in accordance with Title 63G, Chapter 3, Utah Administrative
- 240 Rulemaking Act, to direct that all individuals receiving services through local mental health
- 241 authorities or the Utah State Hospital be informed about and, if desired, provided assistance in
- 242 completion of a declaration for mental health treatment in accordance with Section
- 243 [62A-15-1002](#);
- 244 (c) (i) consult and coordinate with local substance abuse authorities and local mental

- 245 health authorities regarding programs and services;
- 246 (ii) provide consultation and other assistance to public and private agencies and groups
- 247 working on substance abuse and mental health issues;
- 248 (iii) promote and establish cooperative relationships with courts, hospitals, clinics,
- 249 medical and social agencies, public health authorities, law enforcement agencies, education and
- 250 research organizations, and other related groups;
- 251 (iv) promote or conduct research on substance abuse and mental health issues, and
- 252 submit to the governor and the Legislature recommendations for changes in policy and
- 253 legislation;
- 254 (v) receive, distribute, and provide direction over public funds for substance abuse and
- 255 mental health services;
- 256 (vi) monitor and evaluate programs provided by local substance abuse authorities and
- 257 local mental health authorities;
- 258 (vii) examine expenditures of any local, state, and federal funds;
- 259 (viii) monitor the expenditure of public funds by:
- 260 (A) local substance abuse authorities;
- 261 (B) local mental health authorities; and
- 262 (C) in counties where they exist, the private contract provider that has an annual or
- 263 otherwise ongoing contract to provide comprehensive substance abuse or mental health
- 264 programs or services for the local substance abuse authority or local mental health authorities;
- 265 (ix) contract with local substance abuse authorities and local mental health authorities
- 266 to provide a comprehensive continuum of services in accordance with division policy, contract
- 267 provisions, and the local plan;
- 268 (x) contract with private and public entities for special statewide or nonclinical services
- 269 according to division rules;
- 270 (xi) review and approve each local substance abuse authority's plan and each local
- 271 mental health authority's plan in order to ensure:
- 272 (A) a statewide comprehensive continuum of substance abuse services;
- 273 (B) a statewide comprehensive continuum of mental health services;
- 274 (C) services result in improved overall health and functioning; and
- 275 (D) appropriate expenditure of public funds;

276 (xii) review and make recommendations regarding each local substance abuse
277 authority's contract with its provider of substance abuse programs and services and each local
278 mental health authority's contract with its provider of mental health programs and services to
279 ensure compliance with state and federal law and policy;

280 (xiii) monitor and ensure compliance with division rules and contract requirements;
281 and

282 (xiv) withhold funds from local substance abuse authorities, local mental health
283 authorities, and public and private providers for contract noncompliance, failure to comply
284 with division directives regarding the use of public funds, or for misuse of public funds or
285 money;

286 (d) assure that the requirements of this part are met and applied uniformly by local
287 substance abuse authorities and local mental health authorities across the state;

288 (e) require each local substance abuse authority and each local mental health authority
289 to submit its plan to the division by May 1 of each year; ~~and~~

290 (f) conduct an annual program audit and review of each local substance abuse authority
291 in the state and its contract provider and each local mental health authority in the state and its
292 contract provider, including:

293 (i) a review and determination regarding whether:

294 (A) public funds allocated to local substance abuse authorities and local mental health
295 authorities are consistent with services rendered and outcomes reported by them or their
296 contract providers; and

297 (B) each local substance abuse authority and each local mental health authority is
298 exercising sufficient oversight and control over public funds allocated for substance abuse and
299 mental health programs and services; and

300 (ii) items determined by the division to be necessary and appropriate[-]; and

301 (g) define "prevention" by rule as required under Title 32B, Chapter 2, Part 4,
302 Alcoholic Beverage and Substance Abuse Enforcement and Treatment Restricted Account Act.

303 (3) (a) The division may refuse to contract with and may pursue its legal remedies
304 against any local substance abuse authority or local mental health authority that fails, or has
305 failed, to expend public funds in accordance with state law, division policy, contract
306 provisions, or directives issued in accordance with state law.

307 (b) The division may withhold funds from a local substance abuse authority or local
308 mental health authority if the authority's contract with its provider of substance abuse or mental
309 health programs or services fails to comply with state and federal law or policy.

310 (4) Before reissuing or renewing a contract with any local substance abuse authority or
311 local mental health authority, the division shall review and determine whether the local
312 substance abuse authority or local mental health authority is complying with its oversight and
313 management responsibilities described in Sections 17-43-201, 17-43-203, 17-43-303, and
314 17-43-309. Nothing in this Subsection (4) may be used as a defense to the responsibility and
315 liability described in Section 17-43-303 and to the responsibility and liability described in
316 Section 17-43-203.

317 (5) In carrying out its duties and responsibilities, the division may not duplicate
318 treatment or educational facilities that exist in other divisions or departments of the state, but
319 shall work in conjunction with those divisions and departments in rendering the treatment or
320 educational services that those divisions and departments are competent and able to provide.

321 (6) (a) The division may accept in the name of and on behalf of the state donations,
322 gifts, devises, or bequests of real or personal property or services to be used as specified by the
323 donor.

324 (b) Those donations, gifts, devises, or bequests shall be used by the division in
325 performing its powers and duties. Any money so obtained shall be considered private funds
326 and shall be deposited into an interest-bearing expendable special revenue fund to be used by
327 the division for substance abuse or mental health services. The state treasurer may invest the
328 fund and all interest shall remain with the fund.

329 (7) The division shall annually review with each local substance abuse authority and
330 each local mental health authority the authority's statutory and contract responsibilities
331 regarding:

332 (a) the use of public funds;

333 (b) oversight responsibilities regarding public funds; and

334 (c) governance of substance abuse and mental health programs and services.

335 (8) The Legislature may refuse to appropriate funds to the division upon the division's
336 failure to comply with the provisions of this part.

337 (9) If a local substance abuse authority contacts the division under Subsection

338 17-43-201(9) for assistance in providing treatment services to a pregnant woman or pregnant
339 minor, the division shall:

340 (a) refer the pregnant woman or pregnant minor to a treatment facility that has the
341 capacity to provide the treatment services; or

342 (b) otherwise ensure that treatment services are made available to the pregnant woman
343 or pregnant minor.

344 Section 6. **Effective date.**

345 This bill takes effect on July 1, 2014.

Legislative Review Note
as of 12-12-13 9:16 AM

Office of Legislative Research and General Counsel