

BEER TAX FUNDING FOR LOCAL GOVERNMENTS: HISTORY, PURPOSE AND PROCESS

Alcoholic Beverage Enforcement and Treatment Restricted Account (§32B-2-401 thru 405)

Legislation 1983	The Utah Legislature passed S.B. 109 – Liquor Law Enforcement Amendments , sponsored by Senator Fred W. Finlinson. This law raised the tax on beer from \$4.12 to \$11.00 per 31-gallon barrel, and provided for an appropriation of up to \$4.35 million (cap) in new funds annually to Utah’s municipalities (cities and towns) and counties to “be used exclusively for programs or projects related to prevention, detection, prosecution, and control of violations of the act and other alcohol-related offenses and, with regard to the portion distributed under this section to counties, for confinement or rehabilitation or both, and construction and maintenance of facilities for confinement or rehabilitation or both, of persons arrested for or convicted of alcohol related offenses”.
1999	The Utah Legislature passed H.B. 18 – Funding Formula for Alcohol Offenses Enforcement , sponsored by Representative Nora B Stephens. This bill directed all municipalities and counties receiving the beer tax funds to submit an annual report to the USAAV Council by October 1 of each year. <i>(Note: By a subsequent majority vote of the USAAV Council, an exemption to the annual reporting requirement was granted to all communities receiving less than \$1,000.)</i> The annual report determines how the funding is being used and whether the funds are being used in compliance with the statute. H.B. 18 also authorized the USAAV Council to suspend funding for any municipality or county that does not submit a report, to cancel the suspension upon receipt of a report, and to award any funds made available through suspension to any eligible county or municipality or the Utah Department of Public Safety. Finally, H.B. 18 eliminated the use of funds for “construction and maintenance of facilities for confinement or rehabilitation”.
2002	The Utah Legislature passed S.B. 30 – Funding Formula for Alcohol Related Activities of Local Governments , sponsored by Senator Michael G. Waddoups. This bill provided that beginning with Fiscal Year 2008, the Legislature shall annually appropriate the greater of 40% of the proceeds of the beer excise tax or \$4,350,000 to municipalities and counties; and provided for incremental increases in the amount appropriated for Fiscal Years 2004 through 2007, when the amount would reach \$4,350,000. The bill also provided that a municipality that does not have a law enforcement agency may not receive beer tax monies, but that the monies shall be distributed to the county in which the municipality is located. The bill did provide an exception for those municipalities that demonstrate they can use the monies in accordance with the statute; in these cases, the USAAV Council may direct the Tax Commission to distribute the monies directly to the municipality.
2003	The Utah Legislature passed S.B. 66 – Alcoholic Beverage Enforcement and Treatment , sponsored by Senator Michael G. Waddoups. This bill increased the beer tax from \$11.00 to \$12.80 per 31-gallon barrel; created a restricted account in the General Fund entitled the “ Alcoholic Beverage Enforcement and Treatment Restricted Account ”; and provided for incremental increases in the amount to be placed in the restricted account over several years, until the account reached \$4.35 million (the original funding cap) in Fiscal Year 2007, and <i>the greater of 40% of the total tax revenue collected or \$4.35 million</i> beginning in Fiscal Year 2008.
2006	The Utah Legislature passed S.B. 58 – Alcoholic Beverage Amendments - Eliminating Alcohol Sales to Youth , by Senator Peter C. Knudson. This bill applied state policy regarding alcoholic beverages to the Alcoholic Beverage Enforcement and Treatment Restricted Account by adding the funds in the Account shall be used “for statewide public purposes including promoting the reduction of the harmful effects of over-consumption of alcoholic beverages by adults and alcohol consumption by minors”.

2007	The Utah Legislature passed S.B. 51 – Alcoholic Beverage Enforcement and Treatment Restricted Account Amendments , by Senator Michael G. Waddoups. This bill expanded the list of state agencies that can be awarded grants from funds suspended by the USAAV Council to include the Department of Alcoholic Beverage Control, the Department of Human Services, and the Utah State Office of Education.																																								
2010	With the passage of S.B. 167 – Alcoholic Beverage Control Act Recodification , by Senator John Valentine, the Alcoholic Beverage Enforcement and Treatment Restricted Account was moved from §32A-1-115 to §32B-2-401 in the Utah Code.																																								
2011	The Utah Legislature passed H.B. 440 – Beer Tax Amendments , by Representative Val Peterson. This bill enacted an ongoing cut to funds appropriated to the Alcoholic Beverage Enforcement and Treatment Restricted Account by subtracting \$30,000 from any amount equal to 40% of the revenue collected, but leaves the minimum appropriation at \$4,350,000.																																								
Funding Formula	<p>Funding from the Alcoholic Beverage Enforcement and Treatment Restricted Account is distributed annually by the Tax Commission to all Utah municipalities and counties according to the following formula prescribed in statute:</p> <ul style="list-style-type: none"> - 25% to municipalities and counties based upon the percentage of the state population residing in each municipality and county; - 30% to municipalities and counties based upon each municipality's and county's percentage of the statewide convictions for all alcohol-related offenses; - 20% to municipalities and counties based upon the percentage of all state stores, package agencies, retail licensees, and off-premise beer retailers in the state that are located in each municipality and county; and - 25% to the counties for authorized confinement and treatment purposes based upon the percentage of state population located in each county. 																																								
Appropriations History	<p>The tables below show the history of the funding amounts appropriated by the Utah Legislature and distributed by the Tax Commission to Utah's municipalities and counties:</p>																																								
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Use of Funds in FY 2011	<p>In Fiscal Year 2011, Utah's municipalities and counties utilized their beer tax funds as follows (184 reports):</p> <ul style="list-style-type: none"> - DUI law enforcement – 56%, - General alcohol-related law enforcement – 61%, - Prosecution/court costs for alcohol-related cases – 25%, - Treatment of alcohol problems – 7%, - Alcohol-related education/prevention – 47%, and - Confinement of alcohol law offenders – 14%. <p><u>Note:</u> Municipalities and counties may use alcohol funds for more than one purpose.</p>																																								