

House Bill 2461

Sponsored by Representative CANNON, Senators DINGFELDER, MORRISETTE; Representative DEMBROW, Senator ROSENBAUM

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Imposes prevention, treatment and recovery tax on malt beverages. Establishes Alcohol Impact Remediation Fund. Continuously appropriates moneys in fund to Department of Human Services. Distributes moneys to alcohol and drug abuse prevention, treatment and recovery services.

Applies to prevention, treatment and recovery tax reporting periods beginning on or after effective date of Act.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to prevention, treatment and recovery tax; creating new provisions; amending ORS 471.805;
3 appropriating money; prescribing an effective date; and providing for revenue raising that re-
4 quires approval by a three-fifths majority.

5 Whereas Oregon ranks 49th among states in its malt beverage taxation rate; and

6 Whereas Oregon's malt beverage tax has not been raised in 32 years; and

7 Whereas Oregon's untreated substance abuse costs \$4.15 billion in lost earnings, \$8.13 million
8 for health care and \$967 million for enforcement and social services for a total cost of \$5.13 billion
9 each year; and

10 Whereas "addiction" is defined as a chronic, relapsing brain disease that is both preventable
11 and treatable; and

12 Whereas treatment capacity is so low that less than 25 percent of Oregon adults and only two
13 percent of Oregon youth who need substance abuse services receive the help they need; and

14 Whereas research, the Governor's Statewide Leadership Team for Alcohol-Free Kids and the
15 Governor's Council on Alcohol and Drug Abuse Programs show that increasing alcohol taxes re-
16 duces access to and availability of alcohol to underage drinkers; and

17 Whereas underage drinkers consumed an estimated 15.3 percent of all alcohol sold in Oregon in
18 2005, totaling an estimated \$278 million in sales and estimated profits of \$135 million to the alcohol
19 industry; and

20 Whereas alcohol use by Oregon's eighth graders is 76 percent higher than the national average;
21 and

22 Whereas on average, half of the students in every 11th grade classroom in Oregon drink; and

23 Whereas raising the malt beverage tax and indexing those taxes to the Consumer Price Index
24 to keep pace with inflation is imperative to protecting Oregon's citizens; now, therefore,

25 **Be It Enacted by the People of the State of Oregon:**

26 **SECTION 1. Section 2 of this 2009 Act is added to and made a part of ORS chapter 473.**

27 **SECTION 2. (1) In addition to and not in lieu of any charge imposed under ORS 473.030**
28 **or other law, in order to recover a portion of the government costs incurred as a result of**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 the consumption of malt beverages, a manufacturer or an importing distributor of malt
 2 beverages shall be subject to a prevention, treatment and recovery tax of \$49.61 per barrel
 3 of 31 gallons of malt beverage.

4 (2) The prevention, treatment and recovery tax shall be applied proportionally to quanti-
 5 ties in containers of different capacity than the quantity specified in this section.

6 (3) The prevention, treatment and recovery tax shall be paid to the Oregon Liquor Con-
 7 trol Commission at the same time that privilege taxes are paid to the commission.

8 (4) For all purposes of collection and enforcement, reporting, claims for refunds, penal-
 9 ties, interest, record keeping, inspection of records, appeals, confidentiality and disclosure
 10 of information, the prevention, treatment and recovery tax shall be considered to be a priv-
 11 ilege tax imposed under ORS 473.030.

12 **SECTION 3.** ORS 471.805 is amended to read:

13 471.805. (1) Except as otherwise provided in ORS 471.810 (2), all money collected by the Oregon
 14 Liquor Control Commission under this chapter and ORS chapter 473 and privilege taxes shall be
 15 remitted to the State Treasurer who shall credit it to a suspense account of the commission.
 16 Whenever the commission determines that moneys have been received by it in excess of the amount
 17 legally due and payable to the commission or that it has received money to which it has no legal
 18 interest, or that any license fee or deposit is properly refundable, the commission is authorized and
 19 directed to refund such money by check drawn upon the State Treasurer and charged to the sus-
 20 pense account of the commission. After withholding refundable license fees and such sum, not to
 21 exceed \$250,000, as it considers necessary as a revolving fund for a working cash balance for the
 22 purpose of paying travel expenses, advances, other miscellaneous bills and extraordinary items
 23 which are payable in cash immediately upon presentation, the commission shall direct the State
 24 Treasurer to transfer the money remaining in the suspense account [to] as follows:

25 (a) Amounts collected under section 2 of this 2009 Act shall be transferred to the Alcohol
 26 Impact Remediation Fund created under section 4 of this 2009 Act; and

27 (b) The balance of the suspense account following the transfer of funds under paragraph
 28 (a) of this subsection shall be transferred to the Oregon Liquor Control Commission Account in
 29 the General Fund. Moneys in the Oregon Liquor Control Commission Account are continuously ap-
 30 propriated to the commission to be distributed and used as required or allowed by law.

31 (2) All necessary expenditures of the commission incurred in carrying out the purposes required
 32 of the commission by law, including the salaries of its employees, purchases made by the commission
 33 and such sums necessary to reimburse the \$250,000 revolving fund, shall be audited and paid from
 34 the Oregon Liquor Control Commission Account in the General Fund, upon warrants drawn by the
 35 Oregon Department of Administrative Services, pursuant to claims duly approved by the commission.

36 **SECTION 4.** (1) The Alcohol Impact Remediation Fund is created, separate and distinct
 37 from the General Fund. Interest earned by the Alcohol Impact Remediation Fund shall be
 38 credited to the Alcohol Impact Remediation Fund.

39 (2) Moneys in the Alcohol Impact Remediation Fund are continuously appropriated to the
 40 Department of Human Services to be distributed in each calendar quarter as follows:

41 (a) 15 percent for the purpose of funding section 8 (1) and (2), chapter 14, Oregon Laws
 42 2008.

43 (b) The remaining balance in the fund shall be used as follows:

44 (A) 6 percent for statewide alcohol and drug use prevention initiatives;

45 (B) 14 percent for other alcohol and drug use prevention purposes;

1 (C) 72 percent for treatment of alcohol and drug addiction; and

2 (D) 8 percent for alcohol and drug recovery support services.

3 (3) The distribution described in subsection (2)(b) of this section shall be subject to a
4 strategic planning process conducted at the start of each biennium by the department, in-
5 volving counties, tribes and private and public organizations involved in addiction prevention,
6 treatment and recovery programs.

7 (4)(a) Any recipient of funds under subsection (2)(b) of this section, including the de-
8 partment, may not use more than eight percent of the funds received for administrative
9 purposes.

10 (b) If requested by the department, a recipient of funds under this section shall cause
11 an independent audit of the expenditure of these funds to be performed to ensure that the
12 expenditure of the funds is for the purposes designated. The recipient shall submit a report
13 of the audit to the department.

14 (c) The department may not be charged and is not liable for the costs of an audit de-
15 scribed in this subsection.

16 SECTION 5. Section 2 of this 2009 Act applies to prevention, treatment and recovery tax
17 reporting periods beginning on or after the effective date of this 2009 Act.

18 SECTION 6. The amendments to ORS 471.805 by section 3 of this 2009 Act become oper-
19 ative 60 days after the effective date of this 2009 Act.

20 SECTION 7. This 2009 Act takes effect on the 91st day after the date on which the reg-
21 ular session of the Seventy-fifth Legislative Assembly adjourns sine die.

22