

STATES THAT CHARGE FOR HARM

Allocating Alcohol Revenue to Alcohol Programs

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Marin Institute has identified 20 states that specifically earmark funds collected from the sale of alcoholic beverages to programs that address problems associated with alcohol use. Funds are collected through taxes or statutorily imposed mark-ups on alcoholic beverages in control states. The idea that states should “charge for harm” from alcohol sales or consumption is a common practice in the United States, as it is codified and practiced in 20 states.

SUMMARY OF FINDINGS

Twenty states have programs that allocate funds collected through taxes or state mark-up on alcoholic beverages. The funds are directed in one or more of the following ways: Education or prevention of problems associated with alcohol use (12 states); enforcement or administration of the state’s alcohol control laws (7 states); and treatment or rehabilitation for people with alcohol or other drug problems (12 states).

Three states allocate money in ways that do not directly fit these categories. In Mississippi and Tennessee, the money is currently allocated to general mental health programs after previously being used for specific alcohol abuse programs. In New Mexico the monies are used to fund new, innovative, or model programs, in addition to programs to prevent drunk driving.

In a majority of the states that charge for harm, the amount of money allocated to programs varies from year to year. In these states funding is tied to sales, and is either a specific percentage of the overall money collected, or a specific tax rate applied to the sales of alcoholic beverages. Only three states (New Jersey, Ohio, and Utah) allocate a specific amount of money each year. One state, Iowa, allocates a fixed amount plus a percentage of money collected from sales.

Three states (Alaska, Kentucky, and West Virginia) do not automatically dedicate the funding: it needs to be authorized by the legislature before the money is allocated, or the legislature may use the money for other purposes. In Iowa, a portion of its funding must be authorized, while the other portion is dedicated.

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STATES THAT CHARGE FOR HARM

STATE	PROGRAM TYPE				FUNDING	DEDICATED
	Education / Prevention	Enforcement / Administration	Treatment / Rehab	Other		
Alaska	✓		✓		Variable	No
Arizona	✓		✓		Variable	Yes
Florida		✓			Variable	Yes
Idaho			✓		Variable	Yes
Indiana*	✓	✓	✓		Variable	Yes
Iowa			✓		Both	Partial
Kansas			✓		Variable	Yes
Kentucky	✓				Variable	No
Mississippi				✓	Variable	Yes
Montana	✓		✓		Variable	Yes
Nevada	✓		✓		Variable	Yes
New Hampshire*	✓	✓			Variable	Yes
New Jersey	✓	✓	✓		Fixed	Yes
New Mexico	✓			✓	Unclear	Yes
North Carolina	✓	✓			Variable	Yes
Ohio	✓		✓		Fixed	Yes
Oregon	✓		✓		Variable	Yes
Tennessee				✓	Variable	Yes
Utah		✓	✓		Fixed	Yes
West Virginia		✓			Variable	No

* States with multiple programs

Chart Key

Program Type: ✓ means that funds are used for this type of program.

Funding: *Variable* means that the funding is tied to the amount of alcoholic beverages that are sold. *Fixed* means that the funding amount is set by law.

Dedicated: *Yes* means that the funding is required by law to be allocated. *No* means that the allocation needs to be authorized, or that the funding can be used for a different purpose.

CONCLUSION

Forty percent of the fifty states have regulations that collect alcohol taxes or state mark-ups on alcoholic beverages and dedicate the funding toward alcohol-related programs. These programs include education and prevention, law enforcement and administration, and treatment and rehabilitation for alcohol-related problems.

The laws identified here serve as examples of how the sale of alcohol can fund programs to lessen the harm caused by over-consumption. Tying new tax increases to programs that mitigate the economic burden caused by alcohol use may help urge political and public support for such proposals.

SUMMARY DESCRIPTION FOR EACH STATE

Below is a description for each state regarding how tax money is allocated.

Name: If allocated funds go into an account that is specifically named in a statute, the fund name is listed.

Use: How the funds are to be used. This information is from the statutory language.

Amount: The amount of money to be allocated to the fund/account/program.

Dedicated: “Yes” means that the money is automatically allocated by law each year. “No” means that the legislature determines the amount that goes to the fund or account or that the legislature can appropriate money from the fund for other uses.

Notes: Any information regarding the allocated funds that does not fit another section.

Citation(s): All relevant citations to the statutory language authorizing an allocation for alcohol programs.

STATE SUMMARIES

ALASKA

Name: Alcohol and Other Drug Abuse Treatment and Prevention Fund

Use: The legislature may use the money in the fund to make appropriations to the Department of Health and Social Services to establish and maintain programs for the prevention and treatment of alcoholism, drug abuse, and misuse of hazardous volatile materials and substances by inhalant abusers.

Amount: Fifty percent of the excise taxes collected on alcoholic beverages including malt beverages at the rate of \$1.07 per gallon, wine at \$2.50 per gallon, and beverages with more than 21 percent alcohol by volume at the rate of \$12.80 per gallon.

Dedicated: No

Citations:

Alaska Stat. § 43.60.050 (2009)

Alaska Stat. § 43.60.010 (2009)

ARIZONA

Name: Drug Treatment and Education Fund

Use: Fifty percent to cover the costs of placing persons in drug education and treatment programs and 50 percent to the parents' commission on drug education and prevention.

Amount: 16 percent of the funds collected under the luxury tax, which includes a tax on liquor at the rate of \$3.00 per gallon.

Dedicated: Yes

Citations:

Arizona Rev. Stat. § 13-901.02 (2008)

Arizona Rev. Stat. § 42-3106 (2008)

Arizona Rev. Stat. § 42-3052 (2008)

FLORIDA

Name: Alcoholic Beverage and Tobacco Trust Fund

Use: Administer and enforce the state's alcohol and tobacco laws.

Amount: Two percent of monthly collections of the excise taxes on alcoholic beverages. At the end of the fiscal year the fund may not exceed \$2 million.

Dedicated: Yes

Citation:

Florida Stat. Ann. § 561.121 (2009)

IDAHO

Name: Substance Abuse Treatment Fund

Use: Moneys in the fund may be expended pursuant to appropriation and are intended to assist state government and local units of government in providing affordable, accessible substance abuse treatment services, including crisis intervention and detoxification services, in-patient and outpatient treatment services, and recovery support services for all Idaho residents.

Amount: A tax of \$4.65 per 31-gallon barrel is imposed on beer. Twenty percent of the money collected from this tax is allocated to the fund.

Dedicated: Yes

Citations:

Idaho Code § 23-1008 (2008)

Idaho Code § 23-408 (2008)

INDIANA (2 funds)

Name: Addiction Services Fund

Use: Fund programs that provide prevention services and intervention and treatment services for individuals who are psychologically or physiologically dependent upon alcohol or other drugs.

Amount: Excise taxes collected on alcoholic beverages including beer at \$0.02 per gallon, liquor at \$0.06 per gallon, and wine at \$0.02 per gallon.

Dedicated: Yes

Name: Enforcement and Administration Fund

Use: Enforce and administer the provisions of the Alcoholic Beverages Code.

Amount: Excise taxes collected on alcoholic beverages including beer at \$0.0075 per gallon, liquor at \$0.11 per gallon, and wine at \$0.04 per gallon.

Dedicated: Yes

Citations:

Ind. Code § 12-23-2-2 (2009)

Ind. Code § 12-23-2-5 (2009)

Ind. Code § 7.1-4-11-4 (2009)

Ind. Code § 7.1-4-10-1 (2009)

Ind. Code § 7.1-4-10-2 (2009)

IOWA

Name: Special Revenue Account in the General Fund

Use: Administration of the comprehensive substance abuse program.

Amount: \$2 million plus any additional amount determined by the general assembly.

Dedicated: Partial

Citation:

Iowa § 123.53 (2008)

KANSAS

Name: Alcoholism and Intoxication Programs Fund

Use: Provide financial assistance to community-based alcoholism and intoxication treatment programs.

Amount: Five percent of the ten percent based upon the gross receipts derived from the sale of alcoholic liquor by any club, caterer, drinking establishment, or temporary permit holder.

Dedicated: Yes

Citations:

Kan. Stat. Ann. § 79-41a03 (2008)

Kan. Stat. Ann. § 79-41a02 (2008)

Kan. Stat. Ann. § 41-1126 (2008)

KENTUCKY

Name: Malt Beverage Educational Fund

Use: Provide monies on a matching basis for educational information and materials that deter or eliminate underage drinking.

Amount: One percent of monies generated from the excise tax on the sale and distribution of malt beverages and one percent of the wholesale tax collected from distributors of malt beverages.

Dedicated: No

Notes: Funds will only be distributed in an amount equal to that collected through contributions from other private sources. Funds remaining will be returned to the general fund.

Citation:

Ky. Rev. Stat. Ann. § 211.285 (2009)

MISSISSIPPI

Name: Mental Health Programs Fund

Use: Service programs of the State Department of Mental Health.

Amount: An excise tax levied on alcoholic beverages at the rate of \$2.50 per gallon of distilled spirits, \$1.00 per gallon of sparkling wine, and \$0.35 per gallon of wine.

Dedicated: Yes

Notes: Until June 30, 1987, funds went into the Alcoholism Treatment and Rehabilitation Fund and Mental Health Programs Fund, which funded treatment and rehabilitation programs for alcoholics and alcohol abusers. Beginning July 1, 1987, all funds went to the Mental Health Programs Fund.

Citation:

Miss. Code Ann. § 27-71-7 (2008)

MONTANA

Name: None listed

Use: Fund state-approved private or public programs whose function is the treatment, rehabilitation, and prevention of alcoholism, which for the purposes of this section includes chemical dependency.

Amount: Varying percentage of excise taxes collected on alcoholic beverages: 65 percent of the tax on liquor; 23.26 percent of the tax on beer; and 31 percent of the tax on beer.

Dedicated: Yes

Citation:

Mont. Code Ann. § 53-24-108 (2007)

NEVADA

Name: None listed

Use: Increase services for the prevention of alcohol and drug abuse and alcoholism and for the detoxification and rehabilitation of alcohol and drug abusers.

Amount: The portion of the tax on liquor containing more than 22 percent alcohol by volume, which exceeds \$3.45 per wine gallon.

Dedicated: Yes

Citation(s):

Nev. Rev. Stat. 369.174 (2009)

Nev. Rev. Stat. 458.097 (2009)

NEW HAMPSHIRE (2 funds)

Name: Liquor Commission Fund

Use: Pay all expenses of the commission incident to the administration.

Amount: All gross revenue derived by the commission from the sale of liquor, or from license fees, and interest received on such monies, less the amount dedicated to the Alcohol Abuse Prevention and Treatment Fund. Any balance left after such expenses are paid shall be deposited in the general fund on a daily basis.

Dedicated: Yes

Name: Alcohol Abuse Prevention and Treatment Fund

Use: Fund alcohol education and abuse prevention and treatment programs.

Amount: Fifty percent of the amount by which the current year gross profits exceed fiscal year 2001 actual gross profit, but not more than five percent of the current year gross profits derived by the commission from the sale of liquor and other revenues such as license fees.

Dedicated: Yes

Citations:

N.H. Rev. Stat. Ann. § 176-A:1 (2009)

N.H. Rev. Stat. Ann. § 176:16 (2009)

NEW JERSEY

Name: Alcohol Education, Rehabilitation and Enforcement Fund 26:2B-32

Use: Funds are to be distributed to the following types of alcohol programs in the following percentages: 75 percent to rehabilitation; 15 percent to enforcement; and 10 percent to education.

Amount: \$11 million collected annually from the Alcoholic Beverage Tax Law.

Dedicated: Yes

Citations:

N.J. Stat. Ann. § 26:2B-32 (2009)

N.J. Stat. Ann. § 54:43-1.1 (2009)

NEW MEXICO

Name: Local DWI Grant Fund

Use: Fund new, innovative, or model programs, or programs, services, or activities to prevent or reduce the incidence of DWI, alcoholism, alcohol abuse, drug addiction, or drug abuse.

Amount: See the statute for specifics; funds from the liquor tax are allocated.

Dedicated: Yes

Citations:

N.M. Stat. Ann. § 11-6A-3 (2008)

NORTH CAROLINA

Name: None listed

Use: The Department of Public Health is to spend the money on treatment of alcoholism or substance abuse, or for research or education on alcohol substance abuse.

Amount: Five percent of the money collected from both the mixed beverage surcharge and the guest room cabinet surcharge.

Dedicated: Yes

Citations:

N.C. Gen. Stat. § 18B-805 (2009)

OHIO

Name: Statewide Treatment and Prevention Fund

Use: Funds are to be used by the Department of Alcohol and Drug Addiction Services.

Amount: Twenty percent of the money placed in the liquor permit fund and 1.5 percent of the gross profit of the division of liquor control.

Dedicated: Yes

Citations:

Ohio Rev. Code Ann. § 4301.10

Ohio Rev. Code Ann. § 4301.12

Ohio Rev. Code Ann. § 4301.30

OREGON

Name: Mental Health Alcoholism and Drug Services Account

Use: Operate and maintain alcohol and drug abuse prevention, early intervention, and treatment services.

Amount: Fifty percent of the excise taxes collected on beer, wine, and cider.

Dedicated: Yes

Citations:

Or. Rev. Stat. § 430.380 (2007)

Or. Rev. Stat. § 471.810 (2007)

TENNESSEE

Name: None listed

Use: Assist municipalities and counties in carrying out the provisions of the Comprehensive Alcohol and Drug Treatment Act of 1973 by way of funds going to the department of mental health and developmental disabilities.

Amount: 0.41 percent of the beer excise tax at a rate of \$4.29 per 31-gallon barrel.

Dedicated: Yes

Notes: Deposits set to expire June 30, 2010. State also operates the "alcohol and drug addiction treatment fund," funded by sales of seized property and conviction fees.

Citation(s):

Tenn. Code Ann. § 57-5-205 (2009)

Tenn. Code Ann. § 57-5-201 (2009)

Tenn. Code Ann. § 40-33-211 (2009)

Tenn. Code Ann. § 39-17-439 (2009)

UTAH

Name: Alcoholic Beverage Enforcement and Treatment Restricted Account

Use: Promoting the reduction of the harmful effects of over-consumption of alcoholic beverages by adults and alcohol consumption by minors by funding exclusively programs or projects related to prevention, treatment, detection, prosecution, and control of violations of the state's alcohol laws and other offenses in which alcohol is a contributing factor. Counties may use money for the confinement or treatment of persons arrested or convicted for offenses in which alcohol is a contributing factor.

Amount: \$4,350,000 per year collected from the beer excise tax.

Dedicated: Yes

Citations:

Utah Code Ann. § 32A-1-115 (2009)

Utah Code Ann. § 59-15-109 (2009)

WEST VIRGINIA

Name: Drunk Driving Prevention Fund

Use: Provides grants to state and local law-enforcement agencies for the purchase of equipment or hiring of additional personnel for the effective enforcement of laws defining drunk-driving offenses.

Amount: The sales tax collected on alcoholic beverages is to be accounted for separately from other items purchased at retail, and allocated to the fund.

Dedicated: No

Citations:

W. Va. Code § 60-7-11 (2009)

W. Va. Code § 15-2-41 (2009)

METHODS & LIMITATIONS

Initial research for this project was conducted using secondary sources to identify states with programs in place, and the types of programs that existed. For states identified for potential inclusion, primary sources were used to affirm that allocation was statutorily authorized and dedicated to programs that address alcohol-related harm. For the remaining states, a keyword search of the statutes was conducted using LexisNexis.

Only states that specifically allocate money raised from alcohol taxes, or from state mark-up for alcohol programs or alcohol enforcement activities, are included. No distinction is made between states that allocate funds from either a specific type of alcoholic beverage, or from all alcoholic beverages. States that exclusively allocate funds from sources other than money raised through the sale of alcoholic beverages are excluded from this list. States that allocate money for other purposes, such as general education or health services (non-mental health), are also excluded.

Additional research is recommended before making any conclusion with regard to any state's specific fund or program. Because the information regarding the amount and use of funds was culled from the statutory language authorizing the various allocation programs, inclusion in this list does not guarantee either the amount of money allocated, or the actual use of the allocated funds. While all efforts were made to ensure the accuracy of the information, legislatures may "raid" funds at any time to divert money to other programs or the general fund. Legislatures may also modify the types of programs that receive the funds at any time.

Finally, it may be difficult to compare the amount of money that is allocated to programs in different states. Some states allocate a specific dollar amount each year, while others fluctuate based on the amount of alcohol sold in a given year.

ADDITIONAL RESOURCES

Arturo Pérez, *Earmarking State Taxes*, National Conference of State Legislature, (2008).

Increasing Alcohol Taxes to Fund Programs to Prevent and Treat Youth- Related Alcohol Problems. Center for Science in the Public Interest, http://www.cspinet.org/booze/Alcohol_Tax.pdf (accessed October 27, 2009).

Few States Dedicate Alcohol Excise Tax To Fund Alcohol Treatment Programs. Ensuring Solutions to Alcohol Problems. The George Washington University Medical Center (2003). http://www.ensuringsolutions.org/media/media_show.htm?doc_id=326810 (accessed July 31, 2009)

Marin Institute State Legislative Activity http://www.marininstitute.org/site/index.php?option=com_content&view=category&layout=blog&id=54&Itemid=277 (accessed October 22, 2009)