

**ASSEMBLY BILL**

**No. 1019**

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**Introduced by Assembly Member Beall**

February 27, 2009

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An act to add Section 23335 to the Business and Professions Code, and to add Division 121 (commencing with Section 151150) to the Health and Safety Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1019, as introduced, Beall. Alcoholic beverages: surcharge.

Existing law establishes various health services programs administered by, among other state agencies, the State Department of Health Care Services.

This bill would require, wholesalers located within the state who distribute alcoholic beverages to retailers for consumption in the state, to pay a \$0.10 per drink surcharge, based upon a specified formula, and would require the State Board of Equalization to administer and collect this surcharge. The bill would establish the Alcohol-Related Services Fund, to be administered by the State Department of Health Care Services, into which moneys from the imposition of the surcharge would be deposited and would, upon appropriation by the Legislature, require those moneys to be used by the State Department of Health Care Services for specified programs, including programs to prevent the use and abuse of alcoholic beverages and other drugs. This bill would make findings regarding the impact of alcoholic beverage use upon the state.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article

XIII A of the California Constitution, and thus would require for passage the approval of 2/3 of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Alcohol use drains California of approximately thirteen
- 4 billion six hundred million dollars (\$13,600,000,000) annually in
- 5 increased health care costs, higher crime rates, lost productivity,
- 6 environmental damage, and injuries from alcohol-related accidents
- 7 and abuse.
- 8 (b) Alcohol-related accidents are the leading cause of death
- 9 among teenagers and the cause of many permanently disabling
- 10 injuries.
- 11 (c) There is a strong correlation between alcohol and other drug
- 12 use.
- 13 (d) Meeting the need and demand for alcohol and other drug
- 14 treatment and recovery programs is an increasingly expensive
- 15 burden on all California taxpayers.
- 16 (e) The use of alcohol and other drugs is a major cause of
- 17 hospital emergency room and trauma care treatment, and therefore
- 18 greatly contributes to the need for emergency medical
- 19 air-transportation services.
- 20 (f) The use of alcohol and other drugs is closely associated with
- 21 mental illness and contributes enormously to the cost of treating
- 22 the mentally ill.
- 23 (g) The use of alcohol and other drugs is a major factor in the
- 24 majority of child and spousal abuse cases, and is frequently
- 25 associated with the abuse of the elderly, mentally ill, and mentally
- 26 retarded residents of long-term care facilities.
- 27 (h) Alcohol use during pregnancy causes approximately 5,000
- 28 children to be born in California each year with alcohol-related
- 29 birth defects; and other drug use during pregnancy, especially
- 30 cocaine, affects thousands of babies born each year.

1 (i) Drinking and driving, and driving under the influence of  
2 other drugs, is the major cause of traffic accidents and fatalities in  
3 California each year.

4 (j) Alcohol and other drug-related crimes are an increasing  
5 burden to law enforcement and the criminal justice system in  
6 California.

7 (k) While the staggering cost of alcohol abuse is borne by all  
8 Californians, 67 percent of the alcohol sold in California is  
9 consumed by only 11 percent of the population.

10 (l) An additional levy on alcoholic beverages equivalent to ten  
11 cents (\$0.10) per drink is a fair and appropriate way to reduce  
12 alcohol's staggering burden on all of California's citizens.

13 SEC. 2. Section 23335 is added to the Business and Professions  
14 Code, to read:

15 23335. (a) A ten-cent (\$0.10) per drink surcharge is hereby  
16 imposed on all wholesalers located within the state who distribute  
17 alcoholic beverages to retailers for consumption in the state. The  
18 surcharge shall be based on 1.50 ounces of distilled spirits, 12  
19 ounces of beer, and 5 ounces of wine.

20 (b) All funds paid pursuant to subdivision (a) shall be deposited  
21 in the Alcohol-Related Services Fund established pursuant to  
22 Division 121 (commencing with Section 151150) of the Health  
23 and Safety Code.

24 (c) (1) The State Board of Equalization shall administer and  
25 collect the surcharge described in subdivision (a).

26 (2) The State Board of Equalization shall be reimbursed for  
27 costs associated with implementing this section pursuant to Section  
28 1901 of the Health and Safety Code.

29 (3) The State Board of Equalization may implement this section  
30 in a manner consistent with its current operations, to the extent  
31 possible, to allow for administrative efficiency, and may assess  
32 and collect surcharges, to the extent authorized in this section, at  
33 the same time and in the same or similar manner as provided for  
34 in the assessment and collection of taxes under the Alcoholic  
35 Beverage Tax Law (Part 14 (commencing with Section 32001) of  
36 Division 2 of the Revenue and Taxation Code).

37 (d) Surcharges paid pursuant to this section shall be used solely  
38 to implement this section and Division 121 (commencing with  
39 Section 151150) of the Health and Safety Code.

1 SEC. 3. Division 121 (commencing with Section 151150) is  
2 added to the Health and Safety Code, to read:

3  
4 DIVISION 121. ALCOHOL-RELATED SERVICES FUND

5  
6 151150. (a) There is hereby established in the State Treasury  
7 the Alcohol-Related Services (ARS) Fund.

8 (b) Except for reimbursement of the State Board of Equalization  
9 for expenses incurred in the administration and collection of the  
10 surcharge imposed by Section 23335 of the Business and  
11 Professions Code, less refunds, shall be deposited in the  
12 Alcohol-Related Services (ARS) Fund.

13 151151. Moneys in the fund shall, upon appropriation by the  
14 Legislature, be used by the State Department of Health Care  
15 Services to fund the following:

16 (a) Programs to prevent the use and abuse of alcoholic beverages  
17 and other drugs.

18 (b) Treatment and recovery services for alcohol and other drug  
19 addictions.

20 (c) A coordinated statewide program that provides training  
21 assistance, public policy assistance, and public awareness  
22 campaigns to prevent the use and abuse of alcoholic beverages  
23 and other drugs. The public awareness campaigns shall focus on  
24 informing the public, specifically children and young adults, of  
25 the potential health risks of alcohol and other drug use.

26 (d) Capital expenditures for housing, treatment and recovery  
27 facilities, domestic violence shelters, and homeless and low-income  
28 facilities for persons recovering from alcohol- and other  
29 drug-related problems.

30 (e) Emergency medical and trauma care treatment services that  
31 are directly related to alcohol use, including emergency, medical,  
32 and trauma care services, up to the time the patient is stabilized,  
33 provided by physicians in general acute care hospitals that provide  
34 basic or comprehensive emergency services.

35 (f) Prevention, treatment, screening, and care regarding the  
36 health needs of infants, children, and women due to perinatal  
37 alcohol and other drug use.

38 (g) Programs to increase and improve the enforcement of laws  
39 prohibiting driving under the influence of an alcoholic beverage  
40 or any other drug, or the combined influence of an alcoholic

1 beverage and any other drug, and related criminal justice and penal  
2 system costs and services.

3 (h) Programs to increase and improve the enforcement of  
4 alcohol- and other drug-related laws, and related criminal justice  
5 and penal system costs and services.

6 SEC. 4. This act provides for a tax levy within the meaning of  
7 Article IV of the Constitution and shall go into immediate effect.

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