

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H

1

HOUSE BILL 1592

Short Title: Medicaid Supplement Act.

(Public)

Sponsors: Representatives M. Crawford; and Insko.

Referred to: Finance.

June 10, 2002

A BILL TO BE ENTITLED

AN ACT TO RAISE ADDITIONAL FUNDS AND EARMARK THE FUNDS FOR
MEDICAID.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-113.80 reads as rewritten:

"§ 105-113.80. Excise taxes on beer, wine, and liquor.

(a) Beer. – An excise tax of ~~fifty three and one hundred seventy seven one thousandths cents (53.177¢)~~ seventy-six cents (76¢) per gallon is levied on the sale of malt beverages.

(b) Wine. – An excise tax of ~~twenty one cents (21¢)~~ twenty-six cents (26¢) per liter is levied on the sale of unfortified wine, and an excise tax of ~~twenty four cents (24¢)~~ twenty-nine cents (29¢) per liter is levied on the sale of fortified wine.

(c) Liquor. – An excise tax of ~~twenty five percent (25%)~~ thirty percent (30%) is levied on liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and bailment charges, and (ii) a markup for local ABC boards."

SECTION 2. Part 4 of Article 2C of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-113.81B. Distribution of part of beer, wine, and liquor taxes for Medicaid.

(a) Amount. – The Secretary must credit annually to the Department of Health and Human Services for Medicaid programs the following percentages of the net amount of excise taxes collected under G.S. 105-113.80 during the preceding 12-month period ending March 31, less the amount of the net proceeds credited to the Department of Agriculture and Consumer Services under G.S. 105-113.81A:

(1) Of the tax on malt beverages levied under G.S. 105-113.80(a), thirty percent (30%).

(2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), nineteen and two-tenths percent (19.2%).

1 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b),
2 seventeen and two-tenths percent (17.2%).

3 (4) Of the tax on liquor sold in ABC stores levied under G.S.
4 105-113.80(c), sixteen and seven-tenths percent (16.7%).

5 (b) Time. – The Secretary must make this distribution within 60 days after March
6 31 of each year.

7 (c) Use of Funds. – Funds distributed under this section may be used only for
8 Medicaid purposes pursuant to appropriation by the General Assembly."

9 **SECTION 3.** G.S. 105-113.82 reads as rewritten:

10 "**§ 105-113.82. Distribution to local governments of part of beer and wine taxes.**

11 (a) Amount, Method. – The Secretary shall distribute annually the following
12 percentages of the net amount of excise taxes collected on the sale of malt beverages
13 and wine during the preceding 12-month period ending March 31, less the amount of
14 the net proceeds credited to the Department of Agriculture and Consumer Services
15 under G.S. 105-113.81A, to the counties and cities in which the retail sale of these
16 beverages is authorized in the entire county or city:

17 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a),
18 ~~twenty three and three fourths percent (23 3/4%);~~ sixteen and
19 six-tenths percent (16.6%).

20 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b),
21 ~~sixty two percent (62%); and fifty and one-tenth percent (50.1%).~~

22 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b),
23 ~~twenty two percent (22%).~~ eighteen and two-tenths percent (18.2%).

24 If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at
25 retail in both a county and a city located in the county, both the county and city shall
26 receive a portion of the amount distributed, that portion to be determined on the basis of
27 population. If one of these beverages may be licensed to be sold at retail in a city
28 located in a county in which the sale of the beverage is otherwise prohibited, only the
29 city shall receive a portion of the amount distributed, that portion to be determined on
30 the basis of population. The amounts distributed under subdivisions (1), (2), and (3)
31 shall be computed separately.

32 (b) Repealed by Session Laws 2000, c. 173, s. 3, effective August 2, 2000.

33 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC
34 stores have been established by petition, the revenue shall be distributed as though the
35 entire county had approved the retail sale of a beverage whose retail sale is authorized
36 in part of the county.

37 (d) Time. – The revenue shall be distributed to cities and counties within 60 days
38 after March 31 of each year.

39 (e) Population Estimates. – To determine the population of a city or county for
40 purposes of the distribution required by this section, the Secretary shall use the most
41 recent annual estimate of population certified by the State Planning Officer.

42 (f) City Defined. – As used in this section, the term "city" means a city as
43 defined in G.S. 153A-1(1) or an urban service district defined by the governing body of
44 a consolidated city-county.

1 (g) Use of Funds. – Funds distributed to a county or city under this section may
2 be used for any public purpose.

3 (h) Disqualification. – No municipality may receive any funds under this section
4 if it was incorporated with an effective date of on or after January 1, 2000, and is
5 disqualified from receiving funds under G.S. 136-41.2. No municipality may receive
6 any funds under this section, incorporated with an effective date on or after January 1,
7 2000, unless a majority of the mileage of its streets are open to the public. The previous
8 sentence becomes effective with respect to distribution of funds on or after July 1,
9 1999."

10 **SECTION 4.(a)** Section 1 of this act becomes effective October 1, 2002, and
11 applies to sales made on or after that date. Sections 2 and 3 of this act become effective
12 March 31, 2004, and apply to distributions made on or after that date. The remainder of
13 this act is effective when it becomes law.

14 **SECTION 4.(b)** Notwithstanding the provisions of G.S. 105-113.82, the
15 distribution to be made on or after March 31, 2003, under that section shall be
16 calculated on the estimated amount of excise taxes collected not including the additional
17 tax revenues generated by this act.

18 **SECTION 4.(c)** Within 60 days after March 31, 2003, the Secretary of
19 Revenue shall credit to the Department of Health and Human Services for Medicaid
20 programs the sum of twenty-nine million one hundred fifty-five thousand dollars
21 (\$29,155,000), which represents the estimated amount of additional tax revenue
22 generated by this act through March 31, 2003. These funds may be used only for
23 Medicaid purposes pursuant to appropriation by the General Assembly.