

Improving oversight of the Beer Tax Program

Municipalities and counties receive a portion of beer tax revenue, as described in [Section 59-15-109](#). Statute requires that municipalities and counties use this revenue by exclusively funding activities related to prevention, treatment, prosecution, and confinement for violations in which alcohol or substance use is a contributing factor.

Municipalities and counties are required to report to the Utah Substance Use and Mental Health Advisory Committee (USAAV+) on the use of beer tax funds. In recent years, a substantial portion of beer tax funds were unspent. In FY2024, approximately \$3 million was left unspent, 31% of the total distributed funds.

USAAV+ proposes updating the reporting and monitoring process to clarify statutory intent for how beer tax funds can be used and ensure these funds are fully and appropriately spent.

- 1) Adjust statute and formally define the terms treatment, prosecution, law enforcement, and confinement within statute ([Section 32B-2-403](#)).
 - Prevention already defined as ([Section 32B-2-402](#)): “As defined by rule, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, by the Division of Integrated Healthcare within the Department of Health and Human Services. In defining the term "prevention," the Division of Substance Abuse and Mental Health shall:
 - include only evidence-based or evidence-informed programs; and
 - provide for coordination with local substance abuse authorities designated to provide substance abuse services in accordance with Section 17-43-201.”
 - The Office of Substance Use and Mental Health (OSUMH) has defined prevention as: A proactive comprehensive approach to reduce risk factors and promote protective factors of substance use disorders and mental illness. The comprehensive approach is to include services in universal, selective, and indicated settings across a broad array of activities, programs, and strategies.
 - Confinement: Placement of an individual in a residential (overnight) facility, pursuant to criminal justice involvement specifically related to substance use, where the individual may face a criminal justice consequence or sanction for unauthorized departure from the facility.
 - Law enforcement: Activities completed by the agencies and employees responsible for enforcing laws that are specifically related to substance use crimes.
 - Prohibited activities: Purchasing illicit substances for sting operations.
 - Prosecution: Any activities related to prosecuting offenders of crimes related to substance use.
 - Treatment [refers](#) to providing any of the following services for substance use disorder: Screening, education, brief interventions, assessments, withdrawal

management, outpatient, intensive outpatient, inpatient/residential, aftercare/continuing care, and recovery support.

- 2) Update statute ([Section 32B-2-403](#)) to clarify statutory intent for how beer tax funding can be used. The statute would require OSUMH to provide rules or guidance to municipalities and counties on the appropriate use of beer tax funds, in consultation with USAAV+, the Utah Association of Counties, and the Utah League of Cities and Towns. Rules could provide examples of appropriate or inappropriate uses (for example, DARE is not an evidence-based prevention program).
- 3) Update statute (Section [32B-2-404](#) and [32B-2-405](#)) so that if a municipality or county's carryforward balance of beer tax funds exceeds three times the previous year's allocation, no further distribution would be made in the following year, and allocations for other entities would be increased by the sum of those reductions. As soon as a municipality or county's balance no longer exceeds three times the current allocation, distribution would continue to said entity. OSUMH would inform the Tax Commission on carryforward balances annually. **OSUMH may grant a municipality or a county an exception to this requirement if the entity provides a reasonable justification for how and when they plan to use these funds.**
- 4) USAAV+ and OSUMH staff will monitor entities to track carryforward balances and potential unspent funds. Staff will reach out to provide support and education if needed. This will include notifying municipalities that they can defer their allocation to their county, if it is not feasible to regularly fully spend the allocated amount. This monitoring will not require changes in statute.