

REFERENCE TITLE: liquor tax increase; alcohol abuse

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SCR 1037

Introduced by
Senators Lopez, Jackson: Representatives Farley, Heinz, Miranda C

A CONCURRENT RESOLUTION

ENACTING AND ORDERING THE SUBMISSION TO THE PEOPLE OF A MEASURE RELATING TO
LIQUOR LUXURY TAX REVENUES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Under the power of the referendum, as vested in the Legislature,
4 the following measure, relating to luxury tax revenues, is enacted to become
5 valid as a law if approved by the voters and on proclamation of the Governor:

6 AN ACT

7 AMENDING TITLE 36, CHAPTER 18, ARTICLE 1, ARIZONA REVISED
8 STATUTES, BY ADDING SECTIONS 36-2007, 36-2008 AND 36-2009;
9 AMENDING SECTIONS 42-3001, 42-3052, 42-3103, 42-3104 AND
10 42-3221, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 3,
11 ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-3105;
12 AMENDING SECTION 42-3106, ARIZONA REVISED STATUTES; RELATING TO
13 LIQUOR LUXURY TAX REVENUES.

14 Be it enacted by the Legislature of the State of Arizona:

15 Section 1. Title 36, chapter 18, article 1, Arizona
16 Revised Statutes, is amended by adding sections 36-2007, 36-2008
17 and 36-2009, to read:

18 36-2007. Alcohol and substance abuse prevention and
19 early _____ intervention _____ commission;
20 membership

21 A. THE ALCOHOL AND SUBSTANCE ABUSE PREVENTION AND EARLY
22 INTERVENTION COMMISSION IS ESTABLISHED CONSISTING OF THE
23 FOLLOWING MEMBERS:

24 1. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES OR
25 THE DIRECTOR'S DESIGNEE.

26 2. THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC SECURITY OR
27 THE DIRECTOR'S DESIGNEE.

28 3. THE DIRECTOR OF THE ARIZONA HEALTH CARE COST
29 CONTAINMENT SYSTEM ADMINISTRATION OR THE DIRECTOR'S DESIGNEE.

30 4. THE DIRECTOR OF THE STATE DEPARTMENT OF CORRECTIONS OR
31 THE DIRECTOR'S DESIGNEE.

32 5. THE DIRECTOR OF THE GOVERNOR'S OFFICE OF HIGHWAY
33 SAFETY OR THE DIRECTOR'S DESIGNEE.

34 6. THE SUPERINTENDANT OF PUBLIC INSTRUCTION OR THE
35 SUPERINTENDANT'S DESIGNEE.

36 7. THE DIRECTOR OF THE ADMINISTRATIVE OFFICE OF THE
37 COURTS OR THE DIRECTOR'S DESIGNEE.

38 8. A PROFESSIONAL WHO HAS EXPERTISE IN ALCOHOL AND
39 SUBSTANCE PREVENTION RESEARCH.

40 9. A PROFESSIONAL WHO HAS EXPERTISE IN ALCOHOL AND
41 SUBSTANCE ABUSE TREATMENT.

42 10. A PROFESSIONAL WHO HAS EXPERTISE IN ALCOHOL AND
43 SUBSTANCE ABUSE PREVENTION.

44 11. A PROFESSIONAL WHO HAS EXPERTISE IN RECOVERY AND
45 FAMILY SUPPORT SERVICES.

1 12. A PROFESSIONAL WHO HAS EXPERTISE IN FETAL ALCOHOL
2 SPECTRUM DISORDER AND WHO WORKS WITH INDIVIDUALS AND FAMILIES IN
3 REGARD TO DIAGNOSTIC SCREENING AND INTERVENTION.

4 13. ONE PUBLIC MEMBER WHO HAS BEEN PERSONALLY IMPACTED BY
5 ALCOHOL OR SUBSTANCE ABUSE AND WHO IS A RESIDENT OF A COUNTY
6 WITH A POPULATION OF TWO MILLION OR MORE PERSONS.

7 14. ONE PUBLIC MEMBER WHO HAS BEEN PERSONALLY IMPACTED BY
8 ALCOHOL OR SUBSTANCE ABUSE AND WHO IS A RESIDENT OF A COUNTY
9 WITH A POPULATION OF FIVE HUNDRED THOUSAND OR MORE BUT LESS THAN
10 TWO MILLION PERSONS.

11 15. ONE PUBLIC MEMBER WHO HAS BEEN PERSONALLY IMPACTED BY
12 ALCOHOL OR SUBSTANCE ABUSE AND WHO IS A RESIDENT OF A COUNTY
13 WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS.

14 16. ONE TRIBAL MEMBER WHO IS A RESIDENT OF A COUNTY THAT
15 IS NOT REPRESENTED BY A MEMBER WHO IS APPOINTED PURSUANT TO
16 PARAGRAPH 13, 14 OR 15.

17 B. COMMISSION MEMBERS WHO SERVE PURSUANT TO SUBSECTION A,
18 PARAGRAPHS 1 THROUGH 7 ARE NONVOTING MEMBERS AND ARE NOT COUNTED
19 FOR THE PURPOSES OF DETERMINING A QUORUM.

20 C. COMMISSION MEMBERS WHO SERVE PURSUANT TO SUBSECTION A,
21 PARAGRAPHS 8 THROUGH 16 SERVE FOUR YEAR TERMS AND MAY SERVE MORE
22 THAN ONE TERM. THE GOVERNOR SHALL MAKE THE INITIAL APPOINTMENT
23 OF THESE MEMBERS. AFTER THE EXPIRATION OF THE TERM OF A MEMBER
24 WHO WAS APPOINTED BY THE GOVERNOR, THE COMMISSION BY MAJORITY
25 VOTE SHALL SELECT A MEMBER WHO HAS THE SAME QUALIFICATIONS AS
26 THE VACATING MEMBER. THE COMMISSION SHALL ALSO SELECT A MEMBER
27 TO FILL A VACANCY IN ANY INITIAL TERM.

28 D. THE COMMISSION SHALL ELECT A CHAIRPERSON AND
29 VICE-CHAIRPERSON AT ITS FIRST ANNUAL MEETING.

30 E. THE COMMISSION SHALL MEET FOUR TIMES EACH YEAR AND AT
31 THE CALL OF THE COMMISSION CHAIRPERSON.

32 F. COMMISSION MEMBERS ARE NOT ELIGIBLE TO RECEIVE
33 COMPENSATION, BUT MEMBERS WHO SERVE PURSUANT TO SUBSECTION A,
34 PARAGRAPHS 8 THROUGH 16 ARE ELIGIBLE FOR REIMBURSEMENT OF
35 EXPENSES UNDER TITLE 38, CHAPTER 4, ARTICLE 2, SUBJECT TO THE
36 AVAILABILITY OF MONIES.

37 36-2008. Alcohol and substance abuse prevention and
38 early intervention commission; powers
39 and duties

40 A. THE COMMISSION SHALL:

41 1. ESTABLISH GOALS AND POLICIES REGARDING THE PREVENTION
42 AND EARLY INTERVENTION OF ALCOHOL AND SUBSTANCE ABUSE.

43 2. ALLOCATE RESOURCES TO THE DIVISION OF BEHAVIORAL
44 HEALTH IN THE DEPARTMENT OF HEALTH SERVICES FOR EVIDENCE-BASED
45 AND RESEARCH-BASED CULTURALLY COMPETENT PROGRAMS AND SERVICES

1 FOR THE PREVENTION, INTERVENTION AND TREATMENT OF ALCOHOL AND
2 SUBSTANCE ABUSE.

3 3. ALLOCATE FORTY PER CENT OF MONIES IN THE ALCOHOL AND
4 DRUG ABUSE DAMAGE MITIGATION FUND FOR ALCOHOL AND SUBSTANCE
5 ABUSE PREVENTION PROGRAMS THAT USE EVIDENCE-BASED PRACTICES.
6 THESE PROGRAMS SHALL INCLUDE IDENTIFICATION AND REFERRAL OF
7 CLIENTS.

8 4. ALLOCATE SIXTY PER CENT OF MONIES IN THE ALCOHOL AND
9 DRUG ABUSE DAMAGE MITIGATION FUND FOR ALCOHOL AND SUBSTANCE
10 ABUSE TREATMENT PROGRAMS THAT USE EVIDENCE-BASED PRACTICES.
11 THESE PROGRAMS SHALL INCLUDE DIAGNOSIS SERVICES AND PROFESSIONAL
12 AND WORKFORCE DEVELOPMENT.

13 5. APPOINT A PANEL OF COMMISSION MEMBERS TO REVIEW AND
14 EVALUATE PROPOSALS OR REQUESTS FOR PROJECTS OR SERVICES AND
15 RECOMMEND TO THE COMMISSION THE ALLOCATION OF AVAILABLE MONIES.

16 6. ESTABLISH A MECHANISM TO REVIEW THE CONTRACTS AWARDED
17 BY THE COMMISSION TO ENSURE THAT THE MONIES ARE USED IN
18 ACCORDANCE WITH THE PROPOSALS APPROVED BY THE COMMISSION.

19 B. THE COMMISSION MAY:

20 1. USE MONIES IN THE ALCOHOL AND DRUG ABUSE DAMAGE
21 MITIGATION FUND ESTABLISHED BY SECTION 36-2009 TO CONTRACT WITH
22 INDIVIDUALS, ORGANIZATIONS, CORPORATIONS AND INSTITUTIONS,
23 PUBLIC OR PRIVATE, IN THIS STATE FOR ANY PROJECTS OR SERVICES
24 THAT, IN THE COMMISSION'S DETERMINATION, MAY ADVANCE PREVENTION,
25 INTERVENTION AND TREATMENT OF ALCOHOL AND SUBSTANCE ABUSE.

26 2. ACCEPT OR RECEIVE MONIES FROM ANY SOURCE, INCLUDING
27 RESTRICTED OR UNRESTRICTED GIFTS AND CONTRIBUTIONS FROM
28 INDIVIDUALS, FOUNDATIONS, CORPORATIONS AND OTHER ORGANIZATIONS
29 AND INSTITUTIONS.

30 3. OBTAIN EXPERT SERVICES TO ASSIST IN THE EVALUATION OF
31 REQUESTS AND PROPOSALS BY THE COMMITTEES OF THE COMMISSION.

32 4. REQUEST COOPERATION FROM ANY STATE AGENCY FOR THE
33 PURPOSES PRESCRIBED IN THIS SECTION.

34 5. PREPARE AND SUBMIT A REPORT ON OR BEFORE JANUARY 15 OF
35 EACH YEAR TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
36 SPEAKER OF THE HOUSE OF REPRESENTATIVES. THE REPORT SHALL
37 DESCRIBE THE ACTIVITIES OF THE COMMISSION, THE PROJECTS OR
38 SERVICES PROPOSED TO THE COMMISSION, THE PROJECTS OR SERVICES
39 FOR WHICH THE COMMISSION HAS AWARDED A CONTRACT AND THE AMOUNT
40 OF MONIES NECESSARY FOR EACH PROPOSAL, THE COST OF EACH PROPOSAL
41 FOR WHICH A CONTRACT WAS AWARDED, THE NAMES AND ADDRESSES OF THE
42 RECIPIENTS OF EACH CONTRACT AND THE PURPOSE FOR WHICH EACH
43 CONTRACT WAS MADE. THE COMMISSION SHALL PROVIDE A COPY OF EACH
44 REPORT TO THE SECRETARY OF STATE.

1 36-2009. Alcohol and drug abuse damage mitigation
2 fund; nonlapsing

3 A. THE ALCOHOL AND DRUG ABUSE DAMAGE MITIGATION FUND IS
4 ESTABLISHED CONSISTING OF MONIES COLLECTED PURSUANT TO SECTION
5 42-3105 AND LEGISLATIVE APPROPRIATIONS. THE ALCOHOL AND
6 SUBSTANCE ABUSE PREVENTION AND EARLY INTERVENTION COMMISSION
7 SHALL ADMINISTER THE FUND.

8 B. ON NOTICE FROM THE COMMISSION, THE STATE TREASURER
9 SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY
10 SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE
11 CREDITED TO THE FUND.

12 C. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND
13 ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO
14 LAPSING OF APPROPRIATIONS.

15 D. EXCEPT AS PROVIDED BY SUBSECTION E OF THIS SECTION,
16 THE COMMISSION SHALL USE FUND MONIES TO SUPPLEMENT AND NOT
17 SUPPLANT OTHER LOCAL, STATE OR FEDERAL EXPENDITURES FOR ALCOHOL
18 AND SUBSTANCE ABUSE PREVENTION AND EARLY INTERVENTION PROGRAMS
19 AND SERVICES AND THE LEGISLATURE MAY APPROPRIATE ADDITIONAL
20 MONIES TO THE COMMISSION AND MAY AUTHORIZE THE COMMISSION TO
21 SPEND ADDITIONAL APPROPRIATED MONIES FOR ITS PURPOSES PURSUANT
22 TO SECTION 36-2008.

23 E. THE ADJUSTMENT ACCOUNT IS ESTABLISHED IN THE FUND TO
24 COMPENSATE FOR DECREASES IN REVENUE DISTRIBUTIONS RESULTING FROM
25 LOWER LUXURY TAX COLLECTIONS AS A RESULT OF TAX INCREASES
26 PRESCRIBED BY SECTION 42-3052, SUBSECTION A, PARAGRAPHS 1
27 THROUGH 4. THE ADJUSTMENT ACCOUNT CONSISTS OF MONIES IDENTIFIED
28 AND ADMINISTERED BY THE COMMISSION AS FOLLOWS:

29 1. THREE CENTS OF EACH DOLLAR IN THE FUND FOR TRANSFER OF
30 APPROPRIATE AMOUNTS TO THE CORRECTIONS FUND ESTABLISHED BY
31 SECTION 41-1641.

32 2. TWO CENTS OF EACH DOLLAR IN THE FUND FOR TRANSFER OF
33 APPROPRIATE AMOUNTS TO THE DRUG TREATMENT AND EDUCATION FUND
34 ESTABLISHED BY SECTION 13-901.02.

35 3. ANY MONIES IN THE ADJUSTMENT ACCOUNT THAT EXCEED THE
36 AMOUNT NEEDED TO COMPENSATE FOR LOWER LUXURY TAX COLLECTIONS
37 SHALL REVERT AT THE END OF EACH FISCAL YEAR TO THE ALCOHOL AND
38 DRUG ABUSE DAMAGE MITIGATION FUND.

39 F. THE COMMISSION SHALL NOT SPEND MORE THAN SEVEN PER
40 CENT OF FUND MONIES ON ADMINISTRATIVE COSTS.

41 Sec. 2. Section 42-3001, Arizona Revised Statutes, is
42 amended to read:

43 42-3001. Definitions

44 In this chapter, unless the context otherwise requires:

1 1. "Affix" and "affixed" includes imprinting tax meter
2 stamps on packages and individual containers as authorized by
3 the department.

4 2. "Cider" means vinous liquor that is made from the
5 normal alcoholic fermentation of the juice of sound, ripe
6 apples, including flavored, sparkling and carbonated cider and
7 cider made from condensed apple must, and that contains more
8 than one-half of one per cent of alcohol by volume but not more
9 than seven per cent of alcohol by volume.

10 3. "Cigar" means any roll of tobacco wrapped in leaf
11 tobacco or in any substance containing tobacco other than any
12 roll of tobacco that is a cigarette, as defined in paragraph 4,
13 subdivision (b) of this section.

14 4. "Cigarette" means either of the following:

15 (a) Any roll of tobacco or any substitute for tobacco
16 wrapped in paper or any substance not containing tobacco.

17 (b) Any roll of tobacco wrapped in any substance
18 containing tobacco that, because of its appearance, the type of
19 tobacco used in the filler or its packaging and labeling, is
20 likely to be offered to or purchased by a consumer as a
21 cigarette described in subdivision (a) of this paragraph. This
22 subdivision shall be interpreted consistently with the
23 classification guidelines established by the federal alcohol and
24 tobacco tax and trade bureau.

25 5. "Cigarette distributor" means a distributor of
26 cigarettes without stamps affixed as required by this article
27 who is required to be licensed under section 42-3201. Cigarette
28 distributor does not include a retailer or any person who holds
29 a permit as a cigarette manufacturer, export warehouse
30 proprietor or importer under 26 United States Code section 5712
31 if the person sells or distributes cigarettes in this state only
32 to licensed cigarette distributors or to another person who
33 holds a permit under 26 United States Code section 5712 as an
34 export warehouse proprietor or manufacturer.

35 6. "Cigarette importer" means a distributor who directly
36 or indirectly imports into the United States a finished
37 cigarette for sale or distribution and who is required to be
38 licensed under section 42-3201.

39 7. "Cigarette manufacturer" means a distributor who
40 manufactures, fabricates, assembles, processes or labels a
41 finished cigarette and who is required to be licensed under
42 section 42-3201.

43 8. "Consumer" means a person in this state who comes into
44 possession of any luxury subject to the tax imposed by this
45 chapter and who, on coming into possession of the luxury, is not

- 1 a distributor intending to sell or distribute the luxury,
2 retailer or wholesaler.
- 3 9. "Distributor" means any person who manufactures,
4 produces, ships, transports or imports into this state or in any
5 manner acquires or possesses for the purpose of making the first
6 sale of the following:
- 7 (a) Cigarettes without stamps affixed as required by this
8 article.
- 9 (b) Other tobacco products upon which the taxes have not
10 been paid as required by this chapter.
- 11 10. "Domestic farm winery" has the same meaning prescribed
12 in section 4-101.
- 13 11. "Domestic microbrewery" has the same meaning
14 prescribed in section 4-101.
- 15 12. "First sale" means the initial sale or distribution in
16 intrastate commerce or the initial use or consumption of
17 cigarettes or other tobacco products.
- 18 13. "Luxury" means any article, object or device upon
19 which a tax is imposed under this chapter.
- 20 14. "Malt liquor" means any liquid that contains more than
21 one-half of one per cent alcohol by volume and that is made by
22 the process of fermentation and not distillation of hops or
23 grains, but not including:
- 24 (a) Liquids made by the process of distillation of such
25 substances.
- 26 (b) Medicines that are unsuitable for beverage purposes.
- 27 15. "Person" means any individual, firm, partnership,
28 joint venture, association, corporation, municipal corporation,
29 estate, trust, club, society or other group or combination
30 acting as a unit, and the plural as well as the singular number.
- 31 16. "Retailer" means any person who comes into possession
32 of any luxury subject to the taxes imposed by this chapter for
33 the purpose of selling it for consumption and not for resale.
- 34 17. "Spirituos liquor" means any liquid that contains
35 more than one-half of one per cent alcohol by volume, that is
36 produced by distillation of any fermented substance and that is
37 used or prepared for use as a beverage. Spirituous liquor does
38 not include medicines that are unsuitable for beverage purposes.
- 39 18. "Tobacco products" means all luxuries included in
40 section 42-3052, **SUBSECTION A**, paragraphs 5 through 9, except
41 that for the purposes of article 5.1 of this chapter tobacco
42 products has the same meaning prescribed in section 42-3221.
- 43 19. "Vinous liquor" means any liquid that contains more
44 than one-half of one per cent alcohol by volume and that is made

1 by the process of fermentation of grapes, berries, fruits,
2 vegetables or other substances but does not include:

3 (a) Liquids in which hops or grains are used in the
4 process of fermentation.

5 (b) Liquids made by the process of distillation of hops
6 or grains.

7 (c) Medicines that are unsuitable for beverage purposes.

8 20. "Wholesaler" means a person who sells any spirituous,
9 vinous or malt liquor taxed under this chapter to retail dealers
10 or for the purposes of resale only.

11 Sec. 3. Section 42-3052, Arizona Revised Statutes, is
12 amended to read:

13 42-3052. Classifications of luxuries; rates of tax

14 A. The taxes under this chapter are imposed at the
15 following rates:

16 1. On each sealed container of spirituous liquor at the
17 rate of ~~three~~ FIFTEEN dollars EIGHTY CENTS per gallon and at a
18 proportionate rate for any lesser or greater quantity than one
19 gallon.

20 2. On each container of vinous liquor, except cider, of
21 which the alcoholic content is not greater than twenty-four per
22 cent by volume at the rate of ~~eighty-four~~ THREE DOLLARS FORTY
23 cents per gallon and at a proportionate rate for any lesser or
24 greater quantity than one gallon.

25 3. On each container of vinous liquor of which the
26 alcoholic content is greater than twenty-four per cent by
27 volume, containing eight ounces or less, ~~twenty-five~~ THIRTY-FIVE
28 cents, and for each eight ounces for containers containing more
29 than eight ounces, ~~twenty-five~~ THIRTY-FIVE cents.

30 4. On each gallon of malt liquor or cider, ~~sixteen~~ ONE
31 DOLLAR TWENTY-THREE cents, and at a proportionate rate for any
32 lesser or greater quantity than one gallon.

33 5. On each cigarette, nine-tenths cent.

34 6. On smoking tobacco, snuff, fine cut chewing tobacco,
35 cut and granulated tobacco, shorts and refuse of fine cut
36 chewing tobacco, and refuse, scraps, clippings, cuttings and
37 sweepings of tobacco, excluding tobacco powder or tobacco
38 products used exclusively for agricultural or horticultural
39 purposes and unfit for human consumption, two cents per ounce or
40 major fraction of an ounce.

41 7. On all cavendish, plug or twist tobacco, one-half cent
42 per ounce or fractional part of an ounce.

43 8. On each twenty small cigars or fractional part
44 weighing not more than three pounds per thousand, four cents.

1 9. On cigars of all descriptions except those included in
2 paragraph 8 ~~of this section~~, made of tobacco or any tobacco
3 substitute:

4 (a) If manufactured to retail at not more than five cents
5 each, two cents on each three cigars.

6 (b) If manufactured to retail at more than five cents
7 each, two cents on each cigar.

8 B. FOR EACH YEAR BEGINNING JANUARY 1, THE DEPARTMENT
9 SHALL ADJUST THE COLLAR AMOUNTS PRESCRIBED BY SUBSECTION A,
10 PARAGRAPHS 1 THROUGH 4 ACCORDING TO THE AVERAGE ANNUAL CHANGE IN
11 THE METROPOLITAN PHOENIX CONSUMER PRICE INDEX PUBLISHED BY THE
12 UNITED STATES BUREAU OF LABOR STATISTICS.

13 Sec. 4. Section 42-3103, Arizona Revised Statutes, is
14 amended to read:

15 42-3103. Monies allocated for state school aid

16 The department shall allocate the following monies for the
17 purpose of state school aid:

18 1. ~~1.17~~ .22 per cent of the monies collected pursuant to
19 section 42-3052, SUBSECTION A, paragraph 1.

20 2. ~~14~~ 10 per cent of the monies collected pursuant to
21 section 42-3052, SUBSECTION A, paragraph 3.

22 3. 19.44 per cent of the monies collected pursuant to
23 section 42-3052, SUBSECTION A, paragraph 5.

24 Sec. 5. Section 42-3104, Arizona Revised Statutes, is
25 amended to read:

26 42-3104. Monies allocated to the corrections fund

27 Through June 30, 2015, the department shall deposit,
28 pursuant to sections 35-146, 35-147 and 42-1116, the following
29 monies in the corrections fund established by section 41-1641:

30 1. ~~20~~ 3.80 per cent of the monies collected pursuant to
31 section 42-3052, SUBSECTION A, paragraph 1.

32 2. ~~50~~ 12.35 per cent of the monies collected pursuant to
33 section 42-3052, SUBSECTION A, paragraph 2.

34 3. ~~50~~ 35.71 per cent of the monies collected pursuant to
35 section 42-3052, SUBSECTION A, paragraph 3.

36 4. ~~50~~ 6.50 per cent of the monies collected pursuant to
37 section 42-3052, SUBSECTION A, paragraph 4.

38 5. 11.11 per cent of the monies collected pursuant to
39 section 42-3052, SUBSECTION A, paragraph 5.

40 6. 50 per cent of the monies collected pursuant to
41 section 42-3052, SUBSECTION A, paragraph 6.

42 7. 50 per cent of the monies collected pursuant to
43 section 42-3052, SUBSECTION A, paragraph 7.

44 8. 50 per cent of the monies collected pursuant to
45 section 42-3052, SUBSECTION A, paragraph 8.

1 9. 50 per cent of the monies collected pursuant to
2 section 42-3052, SUBSECTION A, paragraph 9.

3 Sec. 6. Title 42, chapter 3, article 3, Arizona Revised
4 Statutes, is amended by adding section 42-3105, to read:

5 42-3105. Monies allocated to the alcohol and drug
6 abuse damage mitigation fund

7 THE DEPARTMENT SHALL DEPOSIT THE FOLLOWING MONIES IN THE
8 ALCOHOL AND DRUG ABUSE DAMAGE MITIGATION FUND ESTABLISHED BY
9 SECTION 36-2009:

10 1. 81.01 PER CENT OF THE MONIES COLLECTED PURSUANT TO
11 SECTION 42-3052, SUBSECTION A, PARAGRAPH 1.

12 2. 75.29 PER CENT OF THE MONIES COLLECTED PURSUANT TO
13 SECTION 42-3052, SUBSECTION A, PARAGRAPH 2.

14 3. 28.57 PER CENT OF THE MONIES COLLECTED PURSUANT TO
15 SECTION 42-3052, SUBSECTION A, PARAGRAPH 3.

16 4. 86.99 PER CENT OF THE MONIES COLLECTED PURSUANT TO
17 SECTION 42-3052, SUBSECTION A, PARAGRAPH 4.

18 Sec. 7. Section 42-3106, Arizona Revised Statutes, is
19 amended to read:

20 42-3106. Monies allocated to the drug treatment and
21 education fund; state department of
22 corrections revolving fund

23 A. Notwithstanding any law to the contrary, ~~seven per~~
24 ~~cent~~ of the monies collected pursuant to section 42-3052,
25 ~~paragraph 1 and eighteen per cent of the monies collected~~
26 ~~pursuant to section 42-3052, paragraphs 2, 3 and 4~~ THE FOLLOWING
27 PERCENTAGES shall be deposited in the drug treatment and
28 education fund established by section 13-901.02:

29 1. 1.33 PER CENT OF THE MONIES COLLECTED PURSUANT TO
30 SECTION 42-3052, SUBSECTION A, PARAGRAPH 1.

31 2. 4.00 PER CENT OF THE MONIES COLLECTED PURSUANT TO
32 SECTION 42-3052, SUBSECTION A, PARAGRAPH 2.

33 3. 12.86 PER CENT OF THE MONIES COLLECTED PURSUANT TO
34 SECTION 42-3052, SUBSECTION A, PARAGRAPH 3.

35 4. 2.34 PER CENT OF THE MONIES COLLECTED PURSUANT TO
36 SECTION 42-3052, SUBSECTION A, PARAGRAPH 4.

37 B. Notwithstanding any law to the contrary, ~~three per~~
38 ~~cent~~ of the monies collected pursuant to section 42-3052,
39 ~~paragraph 1 and seven _____ per cent of the monies collected~~
40 ~~pursuant to section 42-3052, paragraphs 2, 3 and 4~~ THE FOLLOWING
41 PERCENTAGES shall be deposited in a separate revolving fund of
42 the state department of corrections:

43 1. .57 PER CENT OF THE MONIES COLLECTED PURSUANT TO
44 SECTION 42-3052, SUBSECTION A, PARAGRAPH 1.

1 2. 1.73 PER CENT OF THE MONIES COLLECTED PURSUANT TO
2 SECTION 42-3052, SUBSECTION A, PARAGRAPH 2.

3 3. 5.00 PER CENT OF THE MONIES COLLECTED PURSUANT TO
4 SECTION 42-3052, SUBSECTION A, PARAGRAPH 3.

5 4. .91 PER CENT OF THE MONIES COLLECTED PURSUANT TO
6 SECTION 42-3052, SUBSECTION A, PARAGRAPH 4.

7 C. Monies in the separate revolving fund of the state
8 department of corrections shall be used for the following
9 purposes:

10 1. Implementing section 31-411.01.

11 2. Offender participation in appropriate drug treatment
12 or education programs that are administered by a qualified
13 agency, organization or individual and that are approved by the
14 department of health services for offenders who the state
15 department of corrections determines have a history of substance
16 abuse and who have been released from confinement.

17 D. Monies that are deposited in the state department of
18 corrections revolving fund pursuant to subsection B of this
19 section shall not revert to the state general fund if unexpended
20 at the close of the fiscal year.

21 E. If the state department of corrections receives a
22 federal grant, any portion of the monies that are deposited
23 pursuant to subsection B of this section may be used as a cash
24 match.

25 Sec. 8. Section 42-3221, Arizona Revised Statutes, is
26 amended to read:

27 42-3221. Definitions

28 In this article, unless the context otherwise requires:

29 1. "Adult" means an individual who is at least the legal
30 minimum purchase age.

31 2. "Consumer" has the same meaning prescribed in section
32 42-3001. Consumer does not include an Indian tribe, an
33 enterprise owned by a tribe, a tribal member or an entity owned
34 by a tribal member that purchases tobacco products in connection
35 with a delivery sale for resale on the tribe's or tribal
36 member's reservation to the ultimate user of the tobacco
37 products.

38 3. "Delivery sale" means any sale of tobacco products to
39 a consumer in this state in which either:

40 (a) The consumer submits the order for the sale by means
41 of telephonic or other voice transmission, mail, a delivery
42 service or the internet or other on-line service.

43 (b) The tobacco products are delivered by use of mail or
44 a delivery service.

1 4. "Delivery service" means any person that is engaged in
2 the commercial delivery of letters, packages or other
3 containers.

4 5. "Legal minimum purchase age" means the minimum age at
5 which an individual may legally purchase tobacco products in
6 this state.

7 6. "Mail" or "mailing" means the shipment of tobacco
8 products through the United States postal service.

9 7. "Retailer" means any person who is not a licensed
10 distributor that comes into possession of tobacco products
11 subject to tax under this chapter for the purposes of selling
12 the tobacco products to consumers.

13 8. "Shipping container" means a container in which
14 tobacco products are shipped in connection with a delivery sale.

15 9. "Shipping document" means a bill of lading, airbill,
16 United States postal service form or any other document used to
17 evidence the undertaking by a delivery service to deliver
18 letters, packages or other containers.

19 10. "Tobacco products" means all luxuries included in
20 section 42-3052, [SUBSECTION A](#), paragraph 5, all luxuries
21 included in section 42-3052, [SUBSECTION A](#), paragraph 6 and all
22 luxuries included in section 42-3052, [SUBSECTION A](#), paragraph 7.
23 Tobacco products does not include pipe tobacco or cigars.

24 Sec. 9. [Initial terms of members of the commission](#)

25 A. Notwithstanding section 36-2007, Arizona Revised
26 Statutes, as added by this act, the initial terms of members of
27 the alcohol and substance abuse prevention and early
28 intervention commission appointed pursuant to section 36-2007,
29 subsection A, paragraphs 8 through 16, Arizona Revised Statutes,
30 as added by this act, are:

- 31 1. Two terms ending January 1, 2012.
- 32 2. Two terms ending January 1, 2013.
- 33 3. Two terms ending January 1, 2014.
- 34 4. Three terms ending January 1, 2015.

35 B. The commission shall make all subsequent appointments
36 as prescribed by statute.

37 2. The Secretary of State shall submit this proposition to the voters
38 at the next general election as provided by article IV, part 1, section 1,
39 Constitution of Arizona.