

A Case Study of the 2011 Maryland Campaign to Raise Alcohol Taxes

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Introduction

For decades, public health advocates have struggled to raise alcohol taxes in states across country. Very few have succeeded. Something different happened in Maryland in 2011. The General Assembly passed and Governor Martin O'Malley signed the first increase in beer and wine taxes in 38 years, and the first increase in distilled spirits taxes in 55 years.

This case study documents the strategies and tactics used in Maryland to pass alcohol tax legislation and follows the development of a broad coalition of advocates interested in passing an alcohol tax for diverse reasons. The questions we attempted to answer as a result of conducting this case study were:

1. What problem did raising alcohol taxes solve?
2. Did the advocates organize and build a coalition, and if so, how?
3. Was there a legislative champion, and if so, who?
4. Did the advocates use data, and if so, what kinds of data and how?
5. Did they use media, and if so, how?

This case study highlights key decisions and strategies that coalition members and legislators debated prior to and during the legislative session, and summarizes lessons that may be gleaned from this campaign. It was based on background written materials provided by proponents and opponents of the alcohol tax increase; twelve interviews with key proponents, legislators, and opponents of the alcohol tax; and collection and analysis of media coverage of the alcohol tax during 2010 and 2011 in major media outlets in Maryland. The Johns Hopkins Bloomberg School of Public Health Institutional Review Board (IRB) Office reviewed the research protocol and determined that the research did not qualify as human subjects research and therefore did not require IRB review. See Appendix A for a list of individuals interviewed

The Early History

Public health advocates in Maryland knew that Maryland had one of the lowest tax rates in the country for beer, wine and distilled spirits. In 2010, Maryland's state excise taxes were less than a penny a drink for beer, and less than two cents per drink for wine and distilled spirits. Organizations that primarily work on addiction and recovery programs had worked with legislators to propose a nickel a drink tax increase as early as 1994, with an alcohol tax increase being proposed almost every year and the revenue being dedicated to alcohol and drug treatment. As Ann Ciekot, lobbyist for the National Council on Alcoholism and Drug Dependence, Maryland (NCADD Maryland) (and in the early 1990s as part of the Coalition to Humanely Address Substance Abuse In Maryland), recalled, there was always a lot of "hoopla on the day the bill was heard as the alcohol industry would pack the room with folks screaming bloody murder at the thought of raising the excise tax" (Ciekot, 2010). Although none of these bills made it out of committee, they helped raise awareness and build momentum, stressing the point in the news media and the Legislature that something needed to change in Maryland's alcohol tax structure.

As early as 2002, the Maryland Citizens' Health Initiative (MCHI), a large coalition of organizations from around the state interested in increasing access to health care, had included alcohol and tobacco tax increases as sources of revenue in its health care expansion plans. MCHI had successfully campaigned to raise tobacco taxes as recently as the 2007 legislative session, and while the revenue had been used to fund Medicaid expansion for parents, the coalition's goal of winning health care coverage for non-parents had not been achieved. After doing some additional research in late 2007 and early 2008, MCHI Executive Director Vincent DeMarco and his staff decided to work on building support for raising alcohol taxes, both for the public health benefits that result from increased alcohol prices and to generate revenue for expanded health care coverage.

MCHI included an alcohol tax increase in its 2008 health care plan, and began educating organizations and individuals throughout the state about the importance of raising alcohol taxes to fund the health care issues that were its primary focus. DeMarco had learned from earlier campaigns that one good vehicle for this educational process was asking organizations to sign a resolution in support of the initiative. As one of DeMarco's friends noted in the book-length description of DeMarco's tactics called *The DeMarco Factor* (Pertschuk, 2010), "Vinny goes around with a resolution. Any group can agree to a resolution, even those that don't get involved with legislation. They're not committing to lobbying; they're just passing a resolution. The process of passing a resolution activates people. And it gives you access to people. It's a way of introducing yourself, and it's a way of getting people to be part of your group, and it gives you an excuse to report back to them all the time" (Bernie Horn, quoted in Pertschuk 2010, p. 37).

MCHI's staff of five eventually persuaded 1,200 organizations to sign resolutions that supported MCHI's overall health care plan, a plan that included increasing alcohol taxes. DeMarco and MCHI's Deputy Director, Matt Celentano, estimated that acquiring all the signed resolutions took about two years and that for approximately 80% of the more than 1,200 organizations who signed the resolution, DeMarco, Celentano, or someone else representing MCHI held in-person meetings with each organization's membership. The remaining 20% of the organizations were groups with whom either MCHI staff or board members had a long-standing relationship and could solicit support via email or a phone call. Since the formation of MCHI in 1999, the organization had created a strong statewide presence and track record in winning support for health care expansion. As Pertschuk observed, DeMarco is a leader in organizing due to the "multi-tentacled network he has amassed" that includes "several thousand friends, colleagues, and near strangers who might be useful in some advocacy context" (Pertschuk 2010, pp. 42-43).

Educating the Public and Increasing Support: 2008 - 2009

Building the Public Health Research Specific to Maryland

Once MCHI decided to work specifically on an alcohol tax increase to help fund health care expansion, DeMarco reached out to public health experts on alcohol prices and consumption to ensure that he had the evidence needed to show the extent of alcohol-related problems in Maryland and to justify the public health benefits of raising alcohol

taxes. To this end, in 2008 DeMarco contacted Johns Hopkins University Associate Professor David Jernigan. With DeMarco's encouragement and support, Jernigan successfully applied to a local foundation, the Abell Foundation, in October 2008 to translate and apply economic and public health research and models to the situation regarding youth alcohol problems and alcohol taxation in Maryland, in order to provide data and analysis to inform public debates over increasing alcohol taxes.

Jernigan in turn reached out to economist Hugh Waters, also an Associate Professor at Hopkins, to assist with the modeling. While Jernigan and Waters worked on the report, MCHI began educating the public, news media and legislators about the benefits of increased alcohol taxes in Maryland. MCHI organized a press conference in December 2008 that highlighted Duke University economist Phillip Cook's new book *Paying the Tab: The Costs and Benefits of Alcohol Control*(Cook, 2007). The press event highlighted national experts who provided data showing that raising alcohol taxes would save lives and reduce underage drinking. As DeMarco stated, "Many of the people in the coalition either didn't know the research or didn't believe it" (DeMarco, 2010), so education about the public health benefits of increasing the alcohol tax had to begin with the key coalition members prior to expanding to members of the larger coalition, the general public, and finally legislators.

On December 1, 2009 Jernigan and Waters released their report: *The Potential Benefits of Alcohol Tax Increases in Maryland*(D. H. Jernigan & Waters, 2009). MCHI organized a press event the same day with participation from the report authors, MCHI, the faith community, and NCADD MD. The research documented the two main messages that MCHI wanted to highlight: 1) excessive alcohol use is a problem in Maryland; and 2) increasing the state alcohol excise tax will not only save lives and alcohol-related societal costs, but will also bring much needed revenue into state coffers. Moving forward, advocates relied heavily on the following key findings from the report:

- Alcohol is the leading drug problem among Maryland youth, with 43% of 9th-12th graders reporting drinking in the last month and 24% report binge drinking (2006 data).
- Alcohol is responsible for one out of three deaths of persons between the ages of 15 and 20 in Maryland every year.
- Excessive alcohol use is responsible for approximately 1,278 deaths and 7,470 violent crimes in Maryland every year.
- Evidence suggests that people increase their drinking when prices fall, and decrease their consumption when prices rise, including among problem drinkers and among youth.
- Alcohol taxes save lives: Increased alcoholic beverage taxes and prices are also related to reductions in alcohol-related problems, such as motor vehicle crashes, liver cirrhosis fatalities, sexually transmitted diseases, male suicides, hospital admissions, and a variety of other crimes and public safety concerns.
- Maryland has not raised its tax on spirits since 1955 and its tax on beer and wine since 1972.

The report also estimated the effects of several alcohol excise tax increase scenarios and focused on the impact of a dime a drink increase in the state's alcohol excise taxes. The authors projected that an increase of this size would result in \$214.4 million in new revenue for the state with a savings of an additional \$249 million in costs incurred in the state as a result of reduced alcohol consumption.

After the Jernigan and Waters report was released in late 2009, DeMarco set up a meeting for Dr. Jernigan and Speaker of the House Mike Busch to discuss the report findings. Speaker Busch had read the report, and as DeMarco recalled, "Speaker Busch was a key leader in the tobacco tax. He had been reluctant on the tobacco tax until we showed him the data that it saves lives...I think Dr. Jernigan's study helped inform him about the alcohol tax, and he really lives and breathes policy" (DeMarco, 2010).

Senator Richard Madaleno explained the importance of the research from his perspective:

Since the end of Prohibition, no other industry in the US has probably spent more money lobbying the political system than the alcohol industry. My colleagues have had years of dinners, cocktail parties, etc. (all in completely legal ways of course) where the alcohol industry has given them a completely different view of the impact of raising taxes on their product, so while the research demonstrates all the benefits of raising the taxes, it's not what my colleagues are accustomed to hearing. (Madaleno, 2011)

The public health research countered what the alcohol industry had been saying for decades, and while the research findings may not ultimately have convinced legislators to vote for a tax increase, the use of research by advocates certainly made it harder for them to vote against it.

Avoiding a Train Wreck: The Creation of the Lorraine Sheehan Alcohol Tax Coalition

In 2009 MCHI worked with Delegate James Hubbard to introduce HB 951, the Health Care Affordability Act of 2009. Included in this legislation was a proposal to raise alcohol excise taxes by approximately a dime a drink. That same year, addiction and treatment organizations, represented primarily by the NCADD Maryland, tried a new approach: they joined forces with developmental disabilities groups (at least five organizations represented by the broader Developmental Disabilities Coalition) and mental health organizations, and worked with longtime ally Delegate William Bronrott to introduce an alcohol tax bill (HB 791) that proposed raising alcohol taxes by about a nickel a drink. While hearings were held on the bills, neither made it out of committee.

In late December 2009, the key leaders of these organizations met and decided to create an even broader coalition, with an internal leadership group that included representatives from NCADD Maryland, Maryland Developmental Disabilities Coalition, the Maryland Mental Health Coalition, MCHI, and eventually the 1199 Service Employees International Union (SEIU) and the United Food and Commercial Workers International Union (UFCW) Local 400.

This meeting took place just a few days before the death of Lorraine Sheehan. Sheehan had been a fixture in Maryland state government for decades prior to her death in 2009. A single mother who raised four children, including a disabled son, she was an ardent advocate for rights and services for people with disabilities. Sheehan served nine years in the state's General Assembly, and then four years as Maryland's Secretary of State. She was well known among legislators and greatly missed. Lobbyist Len Lucchi, one of DeMarco's key consultants, suggested that the coalition name itself in her honor, and the Lorraine Sheehan Alcohol Tax Coalition (LSATC) was born.

Lorraine Sheehan and her legacy served as the visible face of the campaign, enabling advocates to frame it less as a tax increase than as a powerful step in the direction of realizing the dreams of a fondly remembered colleague. Sheehan's daughter, Laura Carr, joined the coalition and later reflected on the coalition name, "My mother was always standing up for the underdog, so it was very appropriate that this would be named for her...Having an individual that the law gets named after is helpful. It doesn't have to be someone like my mom; it could be someone who is directly affected because you can display this person's life as the meaning behind the effort. It humanizes something that is basically a tax" (Carr, 2011).

This group of organizational leaders constituted the "inner circle" of the LSATC. They all knew each other and had worked together on various issues for many years, so there appeared to be a basic level of trust and comfort with one another. There was no written agreement amongst the organizations. As Celentano said, "It's all based on trust. When you send a fact sheet out to lawmakers and all your logos are on it, that's kind of the contract" (Celentano, 2010).

As these negotiations continued, there was a realization that not everyone was coming to the table with the same motivations. Contrary to the tobacco tax increase in 2007, in which everyone had a vested interest in seeing the tax increase for the public health benefits regardless of what happened to the revenue, some of the organizations in the LSATC were in it almost exclusively for the money. As Laura Howell, Executive Director of Maryland Association of Community Services for Persons with Developmental Disabilities, Inc., stated, "All the issues that related to underage drinking and binge drinking are good goals, but we were in it to raise money for our two goals in the developmental disability community" (Howell, 2011). Each coalition member seemed to understand each organization's motivation for joining the coalition, yet each organization had to work through the pros and cons of joining the larger coalition. Brian Cox, the Executive Director of the Maryland Developmental Disabilities Council, further explained that:

The developmental disabilities coalition has many legislative champions, a strong reputation and influence, which we brought to the table. We also had issues and a constituency that many legislators regard as a priority. The main things to gain would be the power in numbers of a broader coalition. Similarly, the track record, connections and allegiances that Vinny's group has are all on the positive side...The concerns that we talked through were how to make sure that we didn't get absorbed

and lost within the bigger coalition. The things we were concerned about we felt could be addressed by being open and up-front at the beginning and having very good communication and trust along the way. (Cox, 2011)

Each organization brought different strengths to the coalition. The addictions community had the strongest relationship to the impact of increasing the alcohol tax, as well as a long history of working to pass an alcohol tax increase and a lot of public policy lobbying experience. The developmental disabilities and mental health communities in Maryland had developed an extremely strong grassroots constituency, which would play a crucial role in the legislative hearings and testimony. MCHI also brought extensive lobbying and organizing experience to the coalition, with the added strengths of having an affiliated not-for-profit but not charitable “501(c)4” organization, permitting it to spend money on direct lobbying, and strong media advocacy connections and expertise. The labor unions, and particularly SEIU 1199, brought key political pressure to bear, and showed the coalition’s diversity of support. As Delegate Justin Ross, one of the key legislative supporters for an increase in alcohol taxes, noted, “Everyone is very aware of their [SEIU’s] campaign prowess. They know how to get people elected or unelected” (Ross, 2011).

The groups negotiated how they would share the revenues should the alcohol tax pass with dedicated funding. “We went to these groups that had already been working on an alcohol tax, and convinced them to go from a nickel a drink to a dime a drink in the 2010 proposal, with the rest of the nickel going to health care. Within the nickel a drink for health care, we included \$500,000 for health care worker training which SEIU 1199 was interested in” (DeMarco, 2011).

Building support for the alcohol tax initiative took longer than the time required to build the coalition for the 2007 tobacco tax increase. The health risks of tobacco were better understood than those emanating from excessive alcohol use. While longtime supporters SEIU 1199 and UFCW 400 supported the alcohol tax, the Baltimore Metropolitan AFL-CIO did not support the proposed tax, perhaps because they represented workers from a local distillery owned by Diageo, the world’s largest spirits producer.

In anticipation of the alcohol industry’s argument that jobs would be lost by the tax increase, MCHI also tried to gain support from as many small businesses as possible, and eventually ended up with hundreds of small businesses, including hardware stores, auto shops, storage facilities, and moving companies, who signed the 2008 Health Care for All resolution, which again included the proposed dime a drink alcohol excise tax increase. Matt Celentano explained their reasoning for soliciting support from such a broad range of small businesses:

We’ve been knocked around by the Chamber of Commerce and the National Federation of Independent Businesses, and they’ve been telling Annapolis that we’re killing small businesses. We found out that the number one issue for small businesses was providing health care for their employees...and when we showed them our plan to help provide health care, a lot of them jumped on board faster than I ever thought it would happen. (Celentano, 2010)

The larger coalition ended up encompassing more than 1,200 diverse types of organizations, including small businesses, mental health and developmental disability organizations, recovery homes, faith-based organizations, and health care organizations. As Maryland pollster Steve Raabe noted,

One of the most important factors is the way Vinny builds coalitions that don't just include health groups. He involves faith groups, individual activists, businesses, and he creates this magnificent broad coalition...and the coalition is always reminded of the importance of what they're working on which creates a sense of momentum...This can be done in any state; it's just about finding the right leader for any coalition, and then making sure the coalition is broad and extremely disciplined and communicates well with one another. (Raabe, 2011)

While MCHI and its partners recruited additional support through a resolution specific to the Lorraine Sheehan Health and Community Services Act (see section below on p. 9), DeMarco relied on the resolutions for the 2008 Health Care for All Plan when stating that "More than 1,200 organizations support an alcohol tax increase." This is important to note when reviewing the timeline for the legislation to succeed. MCHI was soliciting support for an alcohol tax increase as early as September 2008 when they introduced their 2008 Health Care for All Plan, well in advance of specific legislation they would become involved with as a stand-alone alcohol tax bill.

The Role of the Faith Community

Faith community organizations played a key role in MCHI's work. Of the 1,200 resolutions that MCHI gathered in support of their 2008 health care plan, at least half represented faith organizations. As Matt Celentano put it, "You get a 500 member congregation to endorse your resolution, and you don't just get the pastor, you get all those folks that go to church there, so you're reaching a lot more voters"(Celentano, 2010). In the view of MCHI staff, this type of organizing broadened their reach, brought in what may be considered non-traditional partners, and made the alcohol tax more difficult for legislators to ignore.

Bishop Douglas Miles, an MCHI board member and pastor of the Koinonia Baptist Church, reported that MCHI had to work harder to gain the support of the faith community on the alcohol tax legislation than had been the case in the 2007 tobacco tax campaign.

On the tobacco tax, the faith community almost lock step could line up in support not just on social grounds but on moral grounds as well...This is one issue that you can't just line the faith community up on the side of moral implications because faith groups across the spectrum have different opinions on the use of alcohol...Early on the faith community needs to be engaged and involved to ensure that the faith community sees it in its own self-interest and the self-interest of its constituents. (Miles, 2011)

As it did with other constituencies and coalition members, the coalition organizers argued to the faith community that the alcohol tax increase was not just a moral issue, but a social justice issue as well, and that the funds generated from the tax increase would benefit their communities. As Bishop Miles stated,

It was good that this was not presented as a moral issue but as a social justice issue that needed to be done in order to meet the needs for education and health care that the most vulnerable in our communities should not suffer in dire economic times. (Miles, 2011)

The organizers were able to explain to many within the faith community that their parishioners, especially those who drink very little or not at all, would bear very minimal additional costs from the alcohol tax increase, but that the benefits for the larger community in terms of social services and health care would be tremendous.

The 2010 Legislative Session and General Election: Building Blocks for 2011

2010 Legislative Session Trial Run

In January 2010 Delegate Bronrott introduced the Lorraine Sheehan Health and Community Services Act as House Bill 832 with 40 cosponsors; at the same time Senators Madaleno and Verna Jones-Rodwell introduced companion Senate Bill 717 in the Senate, with six co-sponsors. As DeMarco stated, "We knew it wasn't going to pass in 2010, but our coalition came together and our goal was to get it out there and get as much visibility as possible" (DeMarco, 2010). The coalition generated positive editorials and columns in the *Baltimore Sun* and the *Washington Post* (Hancock, 2010; "Spare a dime: It's time to stand up to Maryland's powerful alcohol lobby.," 2010).

They held well-attended hearings before the House Ways and Means Committee and the Senate Budget and Taxation Committee. Among the long parade of supporters testifying at the hearings were Dr. Jernigan, representatives from the faith community, SEIU and UCFW, American Association of Retired Persons (AARP), the National Association for the Advancement of Colored People (NAACP), physicians and health care providers, as well the lead organizations that constituted the LSATC. Unfortunately, the bill did not come to a vote or make it out of committee in either house. As Laura Carr recalled,

The 2010 legislative session was in the months immediately after my mom had passed away, and so many of the legislators told me how much they respected my mom and had enjoyed working with her, and I would say, "That's wonderful. Now are you going to pass this bill? Show that you respect and honor her causes." Someone told me that they were afraid that if they took it to a vote they wouldn't have enough support. So they killed it in committee, but it gave us a chance to build an even better position. (Carr, 2011)

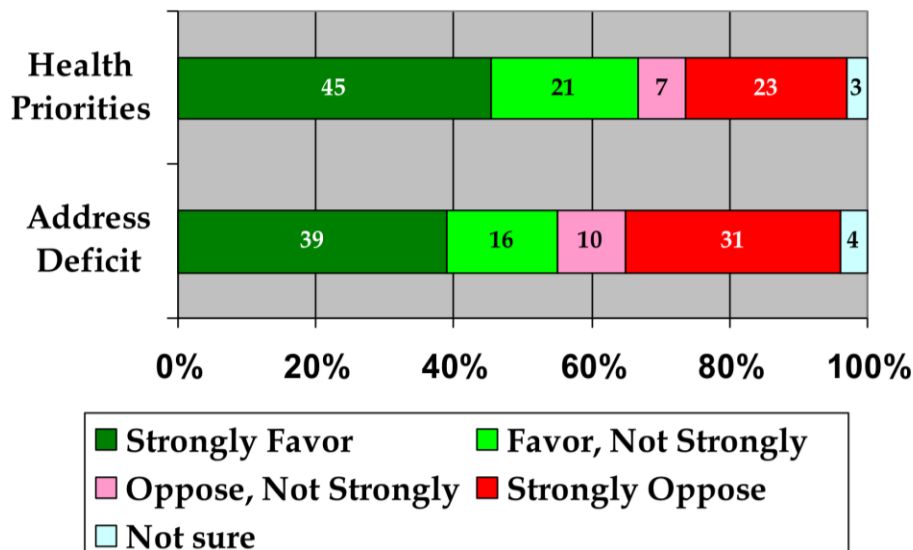
The Importance of Polling: 2010

Once the LSATC formed in late 2009, they commissioned OpinionWorks, a Maryland based polling company, to conduct a poll in early 2010. The poll was primarily funded through MCHI with some financial support from NCADD Maryland. It examined three key questions:

1. Do likely voters favor an increase of ten cents a drink if the money is dedicated to health-related causes?
2. Do likely voters favor an increase of ten cents a drink if the money goes into the general fund?
3. What is the political power of the issue? The poll showed this by asking likely voters three questions:
 - a. In the upcoming November election for state legislature, do you plan to vote for (rotate): [the Democratic candidate or the Republican candidate]?
 - b. If you knew that the Democratic candidate supported a dime a drink alcohol tax dedicated to the purposes I just described [i.e. earmarked], and the Republican candidate opposed this proposal, for whom would you vote?
 - c. If you knew that the Republican candidate supported a dime a drink alcohol tax dedicated to the purposes I just described, and the Democratic candidate opposed this proposal, for whom would you vote?

The estimated cost for conducting both polls was about \$15,000. Raabe estimated that a statewide poll (for a state the size of Maryland) could be done for between \$10,000 and \$20,000, and stated that he has conducted polls for MCHI for significantly less (Raabe, 2011).

The March 2010 poll showed clear support by likely voters for increasing the alcohol excise tax, with an even larger percentage supporting the tax increase if funds were dedicated to health-related programs, as shown in the figure below:



The poll also showed how clearly support for candidates from particular political parties would shift, based on whether the candidate was in support of or opposed to the proposed alcohol tax, as shown below:

Impact on Legislative Elections

	Voting for the Democrat	Voting for the Republican	Democratic Margin	Not sure/ Depends/ Split Ticket
Generic intended vote	37%	21%	+ 16%	42%
Democrat supports the alcohol tax, Republican opposes it	48%	24%	+ 24%	29%
Republican supports the alcohol tax, Democrat opposes it	27%	37%	- 10%	36%

The LSATC used these numbers to inform legislators during the 2010 session, through press events and individual meetings, but more importantly they used them later in the year during the general election.

2010 General Election: Making Alcohol Taxes an Election Issue

The timing of the 2010 election factored into LSATC’s overall planning of when and how to pass an alcohol tax increase. Maryland elects its legislature every four years, and MCHI had previously conducted similarly timed and successful campaigns for gun control, health care coverage, and tobacco tax increases. DeMarco summed up the Coalition’s experience through 2010 by pointing to the importance of its electoral strategy in the overall campaign process: “Some of our folks got excited thinking that it might pass in 2010, but we knew it wasn’t going to happen because we hadn’t yet proven that you could run on it” (DeMarco, 2010).

Between the 2010 and 2011 legislative sessions, MCHI began an intense campaign to get candidates to sign a resolution pledging support for increasing the alcohol tax during the 2011 legislative session. Working from their original organizational resolution (see Appendix B) MCHI created a candidate resolution which they used as a vehicle to solicit support across the state in advance of the primary and general elections in the fall of 2010.

After the primary elections in September 2010, MCHI issued the following summary to its supporters:

IMPACT OF 2010 PRIMARIES ON DIME A DRINK EFFORT

This year's primary elections were very good for the dime a drink alcohol tax increase effort. Of the candidates for the House of Delegates who signed our dime a drink Resolution and who won their primary, fifty-five are virtually assured election in November. In addition, five others (including House Ways and Means Committee Chair Sheila Hixson) did not sign our Resolution but endorsed an alcohol tax increase in a Progressive Maryland questionnaire. When these are combined with

several other likely House of Delegate winners who do not endorse election Resolutions but whom we feel confident will support our proposal, we believe we very close to reaching if not beyond the seventy-one votes needed to pass legislation in the House. Similarly, in the State Senate nineteen primary winners who are virtually assured victory in November signed our Resolution. When combined with several other Senators whom we believe support our proposal, we believe we are just about at (if not at or above) the twenty-four votes needed to pass legislation in the State Senate. So, because Maryland voters have spoken loud and clear this month, it is very likely that our proposed life-saving (and very popular) dime a drink alcohol tax proposal will be enacted into law in 2011. (MCHI, 2010)

Thus, after the general election in November 2010, the Coalition began the 2011 legislative session with 75 legislators who had already pledged their support for the tax during the 2010 elections. As Celentano stated, "Putting them on the spot and educating the public about where the candidates stand on an issue is important...Legislators are aware that when they sign the resolution you can bring it back and use it against them if they change their support" (Celentano, 2010).

In order to be able to engage to this extent in electoral politics, MCHI used funds from their 501(c)4 organization, which accepts non-tax-deductible donations that can be used for electioneering and other activities. As Ann Ciekot, lobbyist for NCADD Maryland, stated, "We do some pieces of organizing, but we don't have a 501(c)4, so we can't make our issues campaign issues in a big enough way" (Ciekot, 2010). MCHI's 501(c)4 organization is funded through contributions from individuals, unions, and businesses. It also holds an annual fundraising event that helps form the backbone of its 501(c)4 support. While DeMarco estimates that the 501(c)4 budget is between \$50,000 and \$100,000 a year, he also stressed that "It is a little more complicated because we use some of our 501(c)3 money for lobbying because you're allowed to use up to 20% of that money for lobbying as well" (DeMarco, 2011). The annual budget for MCHI's 501(c)3 organization is approximately \$500,000.

DeMarco stressed the difference between endorsing candidates, and soliciting their support on a specific issue: "We do not endorse candidates, but we do send out a letter to demand that they sign our candidate resolution, and the reason I thought this was going to be successful is that we already did the polling that showed that voters would support candidates who would support an alcohol tax increase" (DeMarco, 2011). Other members of the Coalition, such as the American Academy of Pediatrics and Maryland chapter of the National Association of Social Workers, also had structures in place that permitted them to engage in direct lobbying.

The Importance of Polling: 2011

The coalition released results from a second poll conducted in late December 2010 at press events on January 4, 2011, just before the beginning of the legislative session. Two-thirds of likely voters supported the proposed alcohol tax increase when tied to funding health-related priorities and a clear majority (55%) still supported the proposed tax increase if it

were to be tied to deficit reduction. The poll also strategically oversampled in three key swing voting districts in the state that were more conservative than the state as a whole. In all three of those districts, the poll showed strong support for an increase in alcohol taxes. As pollster Steve Raabe noted, these findings “were significant, not just for the legislators in those districts, but also for legislators in similar districts across the state” (Raabe, 2011).

In addition to the poll results, the press event on January 4, 2011 featured findings from a second Abell Foundation-funded report developed by Dr. Jernigan and colleagues (D. H. Jernigan, Waters, Ross, & Stewart, 2011). This report focused on cross-border sales and other economic effects of the tax. One advantage of introducing similar bills in two or more legislative sessions is that advocates were able to learn the arguments that the opposition would use to try to defeat the legislation. The new report showed that, while there would be small slippage across state lines, this would not be sufficient to imperil the state’s ability to raise additional revenues, in effect refuting the industry’s arguments that gains from the tax would be lost to cross-border sales. This was an argument that the alcohol industry used regularly since Maryland shares borders with four States and the District of Columbia. Combining the two sets of findings, DeMarco and other spokespeople on behalf of the tax emphasized that, “Raising Maryland’s alcohol tax is good policy and good politics.”

The coalition timed the press conference and release of the poll for maximum impact, and held the event at the Baltimore offices of the AARP, underlining the diversity and breadth of the coalition. According to Raabe,

Between New Year’s Day and the opening of the General Assembly session in mid-January, there is heightened interest in legislative matters and that’s when the climate is ripe for a poll...our poll received enormous media attention, both because of the timing and the results of the poll being so unexpected, and because of Dr. Jernigan’s work...putting those two pieces together created a dynamic presentation for the media. (Raabe, 2011)

The press event generated at least eight news stories and two editorials, both of which were supportive of the tax increase.

The Importance of Media Coverage

Leaders of the LSATC understood the importance of using earned and paid media to put the campaign’s messages out in the public eye, and gave media exposure a high priority at each stage of the campaign. They used the news media to educate the public, recruit potential coalition members, provide legitimacy to the coalition, and keep the campaign and the issue in the eyes and minds of legislators without having to communicate directly with them.

Many of the individuals interviewed credited Vincent DeMarco with being a master of working with the media. He had cultivated numerous relationships with reporters throughout the state for years, and had built a reputation with them of trustworthiness. As early as 2008, DeMarco began alerting journalists about what was coming before the

official launch of the alcohol tax campaign. His staff had extensive experience in working with the media and generating press interest, even when the campaign was not creating much that was new. For example, Matt Celentano recalled that, “we had a couple press conferences that were essentially the same press conference we did six months ago, but if you present it a little differently to the media, and you pick a time when there is slow media coverage, some outlets will cover it. Sometimes just getting three to four local papers to cover it can be effective.” (Celentano, 2010)

The LSATC received media coverage when they announced the launch of the coalition and campaign, when they released the names of legislative candidates who had signed their resolution, when they put out updated polling results, and when the Hopkins team issued an updated report on economic effects of alcohol tax increases. All of this media coverage happened in late 2010 and early 2011, before the 2011 legislative session even began.

They also successfully lobbied editorial boards to publish strong statements supporting the concept of raising alcohol taxes prior to the general elections in 2010. With titles such as “Can you spare a dime? Call for candidates to pledge support for a modest rise in Maryland’s ultra-low alcohol taxes may be quixotic, but its goals are sound” (“Can you spare a dime?: Our view: Call for candidates to pledge support for a modest rise in Maryland’s ultra-low alcohol taxes may be quixotic, but its goals are sound,” 2010) and “‘The Cheap Drunk State’: Is that a fitting new motto for Maryland” (“‘The Cheap Drunk State’: Is that a fitting new motto for Maryland?,” 2010) the LSATC was building support and momentum that suggested that an alcohol tax increase could actually happen.

By the beginning of the 2011 legislative session, the media were well aware that the alcohol tax increase was going to be one of the main legislative fights during Maryland’s 90-day 2011 legislative session. The Coalition added momentum by holding additional press events, generating even more coverage (Witte, 2011). The Coalition also issued press releases whenever a new key legislator, county executive or caucus supported the legislation (Health Care for All, 2011).

A spokesperson for Diageo, one of the leading opponents of the tax, offered another media opportunity when he published a guest opinion piece in the *Baltimore Sun* the day before the first House hearing. Within three hours, Jernigan had drafted a response that Duke University economist Philip Cook and Hopkins economist Hugh Waters agreed to co-sign with him (D. Jernigan, Waters, & Cook, 2011). The *Sun* had the entire response up on their website by the next morning (before the hearing), and published a shorter version in the paper two days later.

The developmental disability community also played a key role in the earned media. With their own media relationships, as a result of prior campaigns, and a high level of comfort with aggressive promotion of their issue in the news media, they helped not only with the campaign’s visibility, but with the prominence of the issues and needs of the development disability community in that campaign (see e.g., (CBS, 2011)).

The 2011 Legislative Session

Soon after the opening of the Maryland legislative session on January 12, 2011, Senators Jones-Rodwell and Madaleno introduced the Lorraine Sheehan Health and Community Services Act of 2011 (SB 168) in the Senate while Delegate Hubbard introduced companion bill HB 121 in the House (see Appendix C for the legislation as introduced). The bills proposed the equivalent of a dime a drink excise tax, with the existing tax going into the general revenue fund (12.75% of the total) and the remainder of the revenues going to the following causes:

- 15% to the Development Disability Support Fund
- 15% to the Addiction Treatment and Prevention Fund
- 15% to the Mental Health Care Fund
- 42.25% to the Maryland Medicaid Trust Fund

The key coalition leaders and lobbyists immediately went about getting co-sponsors to support the legislation. The candidate resolutions helped the Coalition garner 54 co-sponsors in the House of Delegates and 18 co-sponsors in the Senate. Of the 75 candidates who had signed the resolution and won their election, 66 co-sponsored the actual legislation. One Senator and five Delegates also co-sponsored the legislation but hadn't signed the resolution, while two Senators and seven Delegates signed the resolution but didn't co-sponsor the legislation. However, these still fell substantially short of the "magic numbers" needed to pass the legislation: 24 Senators and 71 Delegates. In addition, the Coalition still lacked the support of key legislators needed to move it out of committee, including Delegate Sheila Hixson, chair of the House Ways and Means Committee. Delegate Hixson had indicated that she supported an alcohol tax increase but did not want the funds allocated to specific causes.

The LSATC partnered with numerous faith organizations to hold a Faith Rally, including a press event, a little over one month into the 2011 legislative session and prior to the first committee hearing. County Executives (the elected chief executive officers of county government) from two major counties in Maryland, Ike Leggett from Montgomery County and Rushern Baker from Prince George's County, attended the rally in Annapolis and spoke at the press event, along with faith leaders from many different faiths and roughly 80 supporters. MCHI staff Rosanna Miles and Brooke Hisle encouraged all those in attendance to contact their Delegates or Senators through phone calls, emails or written letters. The event garnered substantial press coverage as well.

The first hearing on the bill occurred on February 23, 2011 in the Senate Budget and Taxation committee. In a room overflowing with supporters and opponents of the bill, the hearing lasted more than three hours. Hearings always began with the legislative backers speaking on behalf of their proposals, followed by Dr. Jernigan presenting the public health case, and then representatives of the major constituencies backing and likely to benefit from the tax. Key coalition members acknowledged that such hearings are often just formalities. However, the Coalition had to make a good show of support in order to keep the bill moving forward.

Supporters emphasized public health benefits of the proposed legislation, the much-needed revenue it would produce, and the needs of the constituency groups slated to receive dedicated funding. Opponents, primarily alcohol producers, wholesalers and retailers, were left making a somewhat contradictory argument. On the one hand, they denied public health arguments that people would drink less because of the tax; on the other, they alleged that sales in the state would decline because residents would go to other states to buy their alcohol, and would buy less because of the higher prices. Jay Hibbard, from the Distilled Spirits Council of the United States, argued that distilled spirits prices would rise by nearly 21% and that the excise tax increase would cause Maryland retailers to lose an estimated \$281 million in sales as well as almost 4,700 jobs (Hibbard, 2011).

Two weeks later, on March 3, the House Ways and Means Committee had its turn to hear testimony on the bill. A similar but even longer cast of presenters caused this hearing to run even longer. They included Neil Bergstrom, from the non-partisan Maryland Budget and Tax Policy Institute, who outlined the service reductions and unmet needs in the state budget and explained how revenues from the tax would offset these cuts. His testimony and accompanying report shored up the LSATC's claims that the funds were needed (Bergsman, 2011). The LSATC simultaneously used this research to write a letter to the Governor requesting that funding for their health-related causes be included in any supplemental budgets independent of the passage of the alcohol tax legislation.

The opposition asked former Governor Martin Mandel to testify, and he provided an interesting perspective on the tax rates that both DC and Maryland had implemented over the years. As he stated,

I've lived through this whole situation from the time that Washington had no tax and Maryland imposed the alcoholic beverage tax. The result was a real trade war, and I mean a real trade war... I would hate to see it happen again. Over the years, as a result of that problem, we made an agreement. I was part of that, to keep our taxes the same in DC and Maryland, and if you check the records, you'll see that that has been abided by. The tax today in Maryland is the same as DC. (Mandel, 2011)

This testimony was a central argument for the opposition, and would also contribute to the downfall of their cause.

The hearings occurred after and amidst a flurry of activity on the bill, including meetings with individual legislators and aggressive outreach to the press. While the broader group of 1,200 organizations received individually-tailored phone calls or emails from MCHI interns asking them to make contact with their legislators during key times of the legislative session, for the most part individuals and organizations that were part of the larger coalition were not asked to give either money or large amounts of their time to the effort.

However, after the two hearings, all went silent in the official deliberations. No votes occurred, and the LSATC members began to worry. As DeMarco recalled, "After the hearings, I was pretty convinced we were going to get an excise tax, but I was really

worried that it was going to be too low. The word coming out of [Senate President Mike] Miller's office varied from a penny to a nickel a drink" (DeMarco, 2011). Coalition members continued to garner support, and the individual coalition organizations held their own "lobby days" where their supporters advocated for all of their issues, including the alcohol tax increases. SEIU Local 1199 paid \$50,000 for a radio ad to play during this time that encouraged residents to call their legislators and encourage them to vote for the bill.

On March 11, 2011 Vincent DeMarco received a confidential tip that Senate President Miller was proposing an alternative "DC option." No one on the coalition was knowledgeable about what the DC option meant, but some quick research by Dr. Jernigan and colleagues revealed that, in addition to its excise tax on alcohol pegged to a similar level as Maryland's excise tax, since at least 1990 the District of Columbia had collected a separate sales tax for alcohol purchases of an additional 3% of the retail price for off-premise purchases and 4% for alcohol purchased for on-premise consumption (e.g., in bars and restaurants).

This new information caught the LSATC, and possibly their opposition in the alcohol industry, completely off guard. The LSATC quickly scheduled a conference call to discuss the implications should this alternative proposal be introduced and have a better chance of passing than the excise tax increase. By March 14, 2011 Drs. Jernigan and Waters had run analyses that predicted that a 3% increase was roughly equivalent to a nickel a drink increase and would generate estimated annual revenue of \$101.9 million compared to the \$215.6 million that the dime a drink increase was expected to raise. According to predictions by Jernigan and Waters, consumption would now decrease by 1.9% compared to the 4.3% expected decrease with the dime a drink proposal. They also found that the new proposal would still save lives, though fewer than the dime a drink (14 versus 37), and would still prevent rapes, assaults, robberies, violence against children, and cases of fetal alcohol syndrome, though fewer of these as well (171 versus 436) (D. Jernigan, 2011). Intelligence gathered by the LSATC indicated that this was the most likely form in which an alcohol tax might pass the legislature. Although the amount of the tax was lower, the sales tax brought with it an additional benefit in that the revenue would rise with prices and inflation, because unlike excise taxes, which are generally based on the volume of the beverage and thus lose their value over time, sales taxes rise with inflation and the retail cost of the beverage.

With the tacit support of the Senate President's office, Senator Jones-Rodwell introduced a new alcohol tax bill, Senate Bill 994, on March 21, 2011, proposing a three percent sales tax increase for both on- and off-premise sales. However, the bill included language to phase in the tax increase: 1% the first year, 2% the second year, and a total and final 3% for the third year and going forward. There was another significant difference in the bill that threatened to split the LSATC. SB 994 dropped the earmarking of the revenues, with the exception of \$15 million of the total estimated \$87 million in Fiscal Year 2012 designated to reduce the waiting list for services for people with developmental disabilities. During all the legislative changes, it had come to the attention of legislators and the LSATC that there is a rule in Maryland stipulating that bills can only have one subject and that revenue cannot be earmarked to multiple entities within one bill. As Cox recalled, "Then we had the

single purpose issue arise, which meant they couldn't fund more than one of our causes through this one bill. No one really seemed aware of this issue probably because seldom are there revenue generating bills. The Assistant Attorney General had brought this to my attention, and I know that she had been advising legislators' staff on the same issue" (Cox, 2011).

With the clock ticking towards the end of the session on April 11, 2011, the LSATC again met via conference call. DeMarco's approach in response to the new legislation was to say to the Coalition that "it's OK if they pass the tax in one bill and allocate the funds separately, similar to what happened with the tobacco tax in 2007. If they pass the tax, and it goes into the general fund, our back up plan is to work with the Governor and the General Assembly to go through the regular budget process [in the next legislative session and fiscal year] to use the funds they way we want them to be used" (DeMarco, 2011). The LSATC came to the consensus that their message should remain the same: that an alcohol tax increase should pass for all the public health benefits that remain, but that ideally it should be higher, i.e., closer to ten cents a drink and not phased in. In addition, the LSATC continued to request that the legislature fund all of their causes.

Looking to move the proposal quickly, the Senate then held a hearing on SB 994 on March 23, 2011, with messages conveyed to the LSATC that testimony should be limited and brief, since long hearings had been held earlier on the general merits and demerits of the tax. The LSATC key members testified in support of the bill, but emphasized their preference for immediate implementation of the three percent increase, rather than the phase-in proposed by the Senate bill.

The alcohol lobby appeared less prepared to respond than the LSATC. The new proposal had deprived them of two key arguments against the tax. First, they had argued forcefully that unequal tax rates between Maryland and the District of Columbia would create "blood borders" from drinkers driving to the District to buy and drink their alcohol. However, as it turned out, the new proposal would simply raise Maryland's tax to match that of the District. Second, they had warned that because an excise tax increase would be collected at the wholesaler level prior to collection of revenue from retailers, the industry would suffer from a time lapse between paying the increased excise tax and receiving the revenue from retail sales, and they argued that this would result in lost jobs. A sales tax, levied at the retail level, avoided this issue entirely. Claiming they had not had time to consult their members, spokespersons for various industry trade organizations registered not in opposition to the bill, but as "informational" testifiers at the hearing. Their testimony seemed to indicate that while they were still concerned about cross-border sales and disliked taxes, the sales tax option was not as offensive to them as the earlier proposed excise tax. As Steven Wise, a lobbyist for the alcoholic beverage industry, stated,

We signed up as we did, because as you know, the bill has been on the agenda for only about 48 hours. We felt it was incumbent upon us to come and to share with you the feedback we have gotten to date. We currently do not have a position, but will have one soon and will hope to be able to continue to dialogue with you. Let me share with you what our members have said to this point. All remain of the opinion

that they prefer no tax. There is no way to have an increase in the tax and not have an impact on their businesses. The fiscal note indicates a 8% decline in spirits. That said, the question then becomes if there is going to be an increase. The comments vary depending where you are in the state. If you're on the border with DC, it's still going to hurt, but at least you're going to stay competitive with the businesses in DC. If you're in Worcester County, and you border Delaware, they have no sales tax. This will exacerbate that difference. (Wise, 2011)

Bob Douglas, lobbyist for the Licensed Beverage Distributors of Maryland, Inc., put it somewhat more succinctly by saying, "At the risk of stating the obvious, no one is for a tax...The most important thing I want to say is that the two leaders of our Assembly have tackled that issue head on. We appreciate that you have tried to balance the playing field with DC." (Douglas, 2011)

The Senate Budget and Taxation Committee voted 7-4 in favor of SB 994. The vote was historic, marking the first time an alcohol specific tax had passed out of that committee since 1972. At about the same time, Governor O'Malley submitted to the Legislature a supplemental budget adding \$15 million for mental health services. Concerns of two of the four lead constituencies in the Coalition had now been addressed, but health care advocates (DeMarco's base) and the alcohol and other drug treatment and prevention field remained penniless.

At this point in the legislative session in Maryland, special rules come into play. If a bill comes over to the House from the Senate after a certain date, only sponsors may testify in the hearing. This stymied the opponents of the alcohol tax bills, now better organized in comparison to the hearing on SB 994, and eager to testify. Also, champions of the bill in the House (including House Speaker Michael Busch) liked the sales tax, but did not favor phasing it in over three years. Apparently the legislators did not want to be in the position of reminding voters every year for three years that they were raising the alcohol tax again. At the same time, alcohol retailers admitted it would be easier to recalibrate all of their cash registers and software systems only once instead of three times.

The LSATC was also aware that in February Delegate Carolyn Howard had introduced a similar bill in the House, HB 1213, which had proposed the excise tax but without dedicated funding for any of their causes. While this bill had initially not gone anywhere, the LSATC now saw HB 1213 as another vehicle for trying to get an alcohol tax passed with or without dedicated funding as this bill could still be amended.

Much to the surprise of the LSATC leaders, the House Ways and Means Committee took up HB 1213 and SB 994 and passed both, but dropped the three-year phase-in (moving immediately to a three percent increase) and added a dedicated \$47.5 million to the House bill to fund school construction projects throughout the state. The State Comptroller's Office, Department of Legislative Services predicted that the first year revenue from the 3% increase in the alcohol tax would be \$84.8 million (SB994 Fiscal and Policy Note, 2011). This provision shored up support among legislators whose districts would benefit from the construction funds. According to NCADD lobbyist Ann Ciekot, "Even though we knew that

funding for the waiting list for developmental disabilities services was the only one listed in the Senate bill, once we saw that education was listed in the House bill then we knew our other causes weren't going to have a shot at getting money. It took us a couple of days to work through it, but what it did mean was that we had a lot more support to get the bill passed" (Ciekot, 2011). The House also passed a State Budget and Budget Reconciliation and Financing Act (HB 72) allocating an additional \$21 million of the alcohol tax revenues to cover shortfalls in public school operating funds for four counties in Maryland.

While the LSATC leaders were surprised to see the education funding in HB 1213, no one seemed surprised that if only one type of program could be funded under SB 994, that funding would go to reducing the waiting list for service for those with developmental disabilities. Numerous LSATC leaders mentioned the exemplary grassroots organizing skills that the organizations who form the Maryland Developmental Disabilities Coalition had cultivated over the years, including providers, family members and self-advocates, all of whom had been vocal and present at all of the hearings and in contacting members of the legislature. As Brian Cox of the Development Disabilities Coalition recalled,

When it first came out that only developmental disabilities was getting funding, we worried about how that would play with our colleagues. But then we started hearing that Vinny was fine with the public health impact, the mental health coalition was working the supplemental budget angle for their needs, and our colleagues from the other coalitions were always very supportive. From our side we were always continuing to communicate and advocate that something needed to be done for all these issues. (Cox, 2011)

Despite the "winners" continuing to advocate for funding for all the groups in the LSATC, others were upset to see funding from the alcohol tax going to education and school construction. Advocates for alcohol and other drug prevention and treatment were particularly bothered by the fact that "their tax" would bring them no new funding. In conversations with the key LSATC leaders, DeMarco, who has a reputation for being able to put a positive spin on almost anything, conveyed to the LSATC leadership that "we should declare victory" for the following reasons:

1. This tax increase will still save numerous lives by reducing underage drinking and alcohol abuse.
2. The Coalition can't be seen as being against education.
3. The school funding is only one year of dedicated funding, so in subsequent years the Coalition can work to dedicate these funds to their causes.

A weekend and a day remained before the session would end on Monday, April 11. Debates on both bills over that last weekend of the session were long and acrimonious. The opposition used a variety of tactics to try to block the bills. Advocates for the developmental disabilities community were concerned that the \$15 million allocated to their cause was insufficient, but did not question the amount in the debate. However, the opposition, seeing another opportunity to derail the proposals, argued that much more of

the money should go to the developmentally disabled cause in amendment after amendment designed to “kill the bills with kindness.”

The LSATC remained united in public, and issued a statement in support of both bills in an effort to stave off additional amendments. Debate stretched on into Monday, the last day of the session, and threatened to end inconclusively, until Speaker Busch called on the House Parliamentarian, Delegate Brian Feldman. Del. Feldman cited Mason’s Rules stating that if the presiding officer believes legislators are using dilatory tactics to delay a vote, he does not have to recognize them. Speaker Busch then simply stopped recognizing the bill’s opponents. The House floor erupted in uproar, but after order was restored the House passed both bills and returned them to the Senate. The final vote in the Senate occurred at 10:30 p.m., one and one-half hours before the end of that year’s legislative session. On April 11, 2011, Maryland legislators passed bills increasing the state’s sales tax on alcoholic beverages by three percent. On May 19, 2011 Governor O’Malley, with LSATC leaders at his side, signed the legislation allowing the tax increase to take effect effective on July 1, 2011.

While declaring the tax increase a huge success, some members of the LSATC still struggled with how things could have been done differently to garner an even larger impact. Bishop Miles of Koinonia Baptist Church, and a key leader in the faith-based Baltimore grassroots community organizing group Baltimore United in Leadership Development (BUILD), felt that the campaign could have made even more use of its faith community allies. According to him, “We might have gotten a cent or two more on the tax if the faith community had rallied again about midway through the session. I think it pointed to our need to rally the faith community in greater numbers in some of the key districts where legislators voted against the tax” (Miles, 2011).

Nancy Rosen-Cohen, Executive Director of NCADD Maryland, continued to struggle with the funding allocations. As she recalled,

When the alcohol tax bill was passed in 2011 we were extremely disappointed that none of the dollars were allotted to us...The coalition then basically said to us, don’t give up, we’ll keep forging ahead. My initial reaction was dejection, but I went back to the coalition members and they said we’re not giving up because we’ll go to the Governor and work on funding for the FY 2013 budget. So that’s the beauty of the coalition; the fact that everyone stands together, everyone is strong and supportive and nobody is left out. (Rosen-Cohen, 2012)

Finishing the Job

The LSATC took a brief respite after the exciting last hours of the 2011 legislative session, and then went back to work. The Abell Foundation funded a celebratory victory party on the passage of the tax increase on June 30, 2011, the day before the increase took effect, that included a press event emphasizing all the benefits of the alcohol tax increase. This event helped offset a handful of negative press articles that had highlighted the plight of the retailers as they attempted to implement the new tax increase.

In addition, in early June the Coalition sent a letter to Governor O'Malley that thanked him for his support of the legislation and reminded him that many of the public health needs enumerated in the original Lorraine Sheehan bill remained largely unmet. They urged the Governor to use the revenue from the alcohol tax increase to fund these programs in the Fiscal Year 2013 budget.

On June 21, 2011, the Coalition received a response from the Governor, in which he wrote, "With respect to future alcohol tax revenues, we share the same goal to address the broader spectrum of health and community services needs identified in the original Lorraine Sheehan Act...I will work with you and other stakeholders to ensure that to the extent possible, this goal remains front and center..." (O'Malley, 2011). The LSATC decided to remain intact as a Coalition to move forward in advocating that their causes be funded through future state budget negotiations.

During the 2012 legislative session, each coalition member advocated that the increased revenue from the alcohol tax be dedicated to health and community services, and they were successful! As DeMarco summarized, "it worked out exactly as we wanted, that it's being used for these purposes through the regular budget process...Now, it has to be redone every year, but these are becoming like normal budget items, so they'll be in the budget every year." (White, 2012)

Summing Up the Maryland Alcohol Tax Campaign

The successful campaign to raise alcohol taxes in Maryland in 2011 resulted from an approach that Vincent DeMarco and the staff at the MCHI have used to pass a variety of public health and safety related bills since the 1990s (DeMarco & Schneider, 2000), and which DeMarco describes as the six steps to a successful campaign:

1. Create an evidence based plan
2. Do good public interest polling
3. Build a broad-based and powerful coalition
4. Use the media to the hilt
5. Make your issue an election issue
6. Go to the legislature

The goal of this case study was to document the strategies, approaches and resources that the LSATC employed to be successful. It appears that the first five steps were employed prior to the 2011 alcohol tax campaign, and that DeMarco can add the alcohol tax campaign to the long list of successful public health and safety legislation that he and others have worked on over the past two decades in Maryland. When asked which of DeMarco's six campaign steps was most important, LSATC members strongly emphasized that every phase of the campaign was critical and no step could be eliminated.

In reviewing the documents and interviews that constitute this case study, the following activities proved helpful to Maryland's campaign:

1. *Documenting the alcohol-related problems in the state and determining what problems an alcohol tax increase will address.* The problem was defined in part as that alcohol taxes had not been raised in decades, posing a public health danger because alcohol is too cheap. It was also defined as a revenue source to fund much needed services. And the coalition laid out clearly what services the tax would fund.
2. *Evaluating what level of funding and resources were needed to be able to pass this type of legislation.* Past experience had shown the usefulness of creating and using a 501(c)4 organization. Given the strength and funding of the opposition, alcohol policy advocates needed to use their resources wisely, beginning with a clear assessment that enough resources would be available to commit to all stages of the campaign.
3. *Determining how to fund and use polling to further the campaign.* If adequate funds had not been available to conduct a fully statewide poll, advocates considered the possibility of attaching questions to another or an existing statewide poll (sometimes known as an “omnibus” poll). The advocates were also prepared to change or delay their strategies if the polling results did not show a majority of voters in support of raising taxes on alcohol.
4. *Figuring out who the most effective constituencies or organizations were in the state in terms of grassroots organizing, and partnering with them.* Reaching out to a broad spectrum of coalition partners, particularly faith leaders and unions, was critical to success. The faith leaders brought moral authority and grassroots power. 1199 SEIU also brought grassroots power along with key financial resources and political clout with key policymakers. Alcohol policy advocates like NCADD Maryland understood that while they might be partnering with organizations that did not necessarily prioritize the public health benefits as the main reason for wanting an alcohol tax increase, an effective strategic approach would need to take into account how these competing goals might help or hinder the coalition as it moved forward.
5. *Partnering with research organizations that could provide the state-specific alcohol-related problem reduction data and economic projections,* as the professors at Johns Hopkins University provided to the LSATC. At the same time, the Maryland coalition understood that while the public health research was absolutely necessary to help make their case, it would likely not be sufficient to convince most legislators to vote to increase an alcohol tax. The data supported the other steps in DeMarco’s model. They fed into the resolutions, the media coverage, and the ultimate outreach to legislators, once a strong coalition had been built and widespread support had been demonstrated.
6. *Planning for an extended timeline.* DeMarco and his allies put multiple elements into play in the Maryland campaign, including research, polling, evidence of faith community and other broad statewide support, and media advocacy, and they timed the various steps with care. They did not approach legislators until they had made the public health case, demonstrated public support through polling, built a broad

statewide coalition, and made the case to politicians when they were campaigning for office. Their work began in 2008, and culminated four and a half years later in 2012, when revenues from the tax were finally allocated where the coalition wanted them..

7. *Evaluating the pros and cons of introducing an excise tax versus a sales tax.* The coalition had to figure out what it wanted ideally, and then quickly assess what it would accept as a victory. Included in that assessment was consideration of how low the tax increase could be before the coalition would withdraw its support.

The alcohol lobby is strong, powerful and influential, but in the case of Maryland, the LSATC proved that they really could “transform public will into political power”, as the subtitle of the book *The DeMarco Factor* puts it. While the alcohol lobby was wining and dining the legislators and trying to play the insider game (Saleh Rauf, 2011), the LSATC built their case from the ground up, convincing legislators that an alcohol tax increase could happen without serious repercussions to the alcohol industry, and that the citizens of Maryland would benefit from this legislation for years to come.

APPENDIX A: INDIVIDUALS INTERVIEWED

Bruce Bereano, Lobbyist, Licensed Beverage Distributors of Maryland, Inc.

Laura Carr, Volunteer, Lorraine Sheehan Alcohol Tax Coalition (daughter of Lorraine Sheehan)

Matthew Celentano, Deputy Director, Maryland Citizens' Health Initiative (MCHI)

Ann Ciekot, Lobbyist, National Council on Alcoholism and Drug Dependence, Maryland (MD NCADD)

Nancy Rosen-Cohen, Executive Director, National Council on Alcoholism and Drug Dependence, Maryland (MD NCADD)

Brian Cox, Executive Director, Maryland Developmental Disabilities Council

Vincent DeMarco, President, Maryland Citizens' Health Initiative (MCHI)

Laura Howell, Executive Director, Maryland Association of Community Services for Persons with Developmental Disabilities, Inc. (MACS)

Richard Madaleno, State Senator District 18, Maryland

Bishop Douglas Miles, Koinonia Baptist Church

Steve Raabe, President, Opinion Works

Justin Ross, State Delegate, 22nd District, Maryland

APPENDIX B: Lorraine Sheehan Health Care and Community Services Resolution



LORRAINE SHEEHAN HEALTH CARE AND COMMUNITY SERVICES RESOLUTION

- Because,** reducing the number of uninsured Marylanders will improve public health AND make health care more affordable for all of us; and
- Because,** low-income adults without children do not currently have access to quality, affordable health care that covers needed hospital and specialty care; and
- Because,** people with substance abuse problems, mental health problems, and people with developmental disabilities cannot get the care and treatment they need; and
- Because,** Maryland's alcohol tax is the second lowest in the nation and has not been raised since 1972 for beer and wine and 1955 for spirits; and
- Because,** raising the state's alcohol tax by a dime a drink will reduce state health care costs by \$249 million a year, prevent 15,000 cases of alcohol abuse, stop nearly 400 acts of violence against women and children AND has broad public support (71% of Marylanders support it); and

THEREFORE, BE IT RESOLVED, that the undersigned organization supports increasing Maryland's alcohol tax by a dime a drink to save lives and health care costs caused by alcohol abuse and supports using the funds raised by the alcohol tax increase to:

- give tens of thousands of uninsured Marylanders access to health care by expanding Medicaid to childless adults who earn below \$12,563/year;
- reduce drug and alcohol abuse by funding community-based prevention and treatment programs;
- provide community services to people with developmental disabilities and their families so they can live quality and safe lives;
- fund quality mental health services for Maryland's most vulnerable populations; and
- prevent tobacco addiction and increase quality training opportunities for health care personnel.

Organization _____ Date _____

Contact Person's Name and Signature _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____ Email _____

Best way to contact you: Email Phone Fax

NOTE: *Signing this Resolution does not imply endorsement of the Maryland Citizens' Health Initiative's Health Care for All! Plan or any specific proposal not mentioned in this Resolution.*

Return to: Maryland Citizens' Health Initiative Inc, 2600 St Paul St, Baltimore, MD 21218;
Fax 410-235-8963 Questions? Call 410-235-9000 or email info@healthcareforall.com

APPENDIX C: The Lorraine Sheehan Health and Community Services Act as Introduced in 2010

HOUSE BILL 832

By: Delegates Bronrott, Hubbard, Ali, Anderson, Barnes, Benson, Bobo, Burns, Carr, Carter, Dumais, Feldman, Frick, Frush, Gaines, Gilchrist, Gutierrez, Guzzone, Hucker, Ivey, Kramer, Kullen, Lee, Levi, Manno, McIntosh, Mizeur, Montgomery, Nathan-Pulliam, Pena-Melnyk, Ramirez, Reznik, Robinson, Rosenberg, Ross, Simmons, Stukes, Tarrant, Taylor, Valderrama, and Waldstreicher

Introduced and read first time: February 9, 2010

Assigned to: Ways and Means and Health and Government Operations

A BILL ENTITLED

AN ACT concerning

The Lorraine Sheehan Health and Community Services Act of 2010

FOR the purpose of altering State tax rates for alcoholic beverages sold in Maryland; altering the distribution of the alcoholic beverage tax revenue; requiring the Comptroller to distribute a portion of the alcoholic beverage tax revenue to certain special funds to be used only for certain purposes; establishing the Developmental Disability Support Fund as a special fund to be used to support certain services for individuals with developmental disabilities; establishing the Addiction Treatment and Prevention Fund as a special fund to be used to support certain programs for the treatment and prevention of drug and alcohol addictions; establishing the Mental Health Care Fund as a special fund to be used to support certain programs for the treatment and prevention of mental illness; establishing the Maryland Medicaid Trust Fund as a special fund to be used to provide certain health care services to certain individuals; and generally relating to the alcoholic beverage tax and the dedication of certain alcoholic beverage tax revenue for certain purposes.

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 2-301 and 5-105
Annotated Code of Maryland
(2004 Replacement Volume and 2009 Supplement)

BY adding to
Article – Health – General
Section 7-207, 8-207, 10-209, and 15-103.6
Annotated Code of Maryland
(2009 Replacement Volume)

Preamble

WHEREAS, Only one-quarter of the individuals in Maryland who have alcohol and drug addictions access treatment; and

WHEREAS, Alcohol abuse costs the Maryland economy \$3.5 billion every year, and the costs associated with illicit drug abuse approach \$2.5 billion annually, for a combined total of \$6 billion yearly; and

WHEREAS, The majority of jailable crimes committed in Maryland and the majority of admissions to Maryland trauma centers result from drug- or alcohol-related incidents; and

WHEREAS, Statistics show that more than one-quarter of the individuals treated for alcohol and drug addiction and about half of the individuals treated for mental health problems are diagnosed with a co-occurring substance use and mental health disorder; and

WHEREAS, Every \$1 invested in addiction treatment saves \$7 in reduced crime and criminal justice costs and, when savings related to health care are factored in, every \$1 invested saves \$12; and

WHEREAS, There are more than 18,000 individuals with developmental disabilities who are eligible for community-based services through the Developmental Disabilities Administration who are on a waiting list due to lack of funding; and

WHEREAS, Community-based service providers are facing a fiscal crisis due to historical underfunding and lack of inflationary rate increases; and

WHEREAS, It is the policy of the State to require the Developmental Disabilities Administration to designate sufficient resources to foster and strengthen a permanent comprehensive system of community programming for individuals with developmental disabilities; and

WHEREAS, Developmental disabilities result in loss of economic productivity of individuals with disabilities and their caregivers who are forced to remain at home to care for their family member; and

WHEREAS, Fetal Alcohol Syndrome and Fetal Alcohol Spectrum Disorder are the leading known preventable causes of intellectual and physical disabilities; and

WHEREAS, One in 100 live births is affected by Fetal Alcohol Syndrome and Fetal Alcohol Spectrum Disorder each year, with lifetime health care costs of more than \$800,000 incurred; and

WHEREAS, An estimated one in five Americans lives with a diagnosable mental disorder in a given year and about 6%, or one in 17, have a serious mental illness; and

WHEREAS, The public mental health system's budget has been reduced by 7% while the need for public mental health care has risen by 7 to 8% per year for 2 years running; and

WHEREAS, The average annual cost of the most comprehensive array of community mental health services is \$30,000, but the average annual cost of a State hospital bed is approximately \$180,000; and

WHEREAS, According to a new study by Johns Hopkins Professors David Jernigan and Hugh Waters, increasing the state alcohol tax by a dime a drink will save lives and money by reducing alcohol abuse; and

WHEREAS, The 2007 Governor's Working Families and Small Business Health Care Coverage Act has expanded health care to over 52,000 parents but has not been implemented for tens of thousands of childless adults because of lack of funds; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Tax - General 19

2-301.

(a) From the alcoholic beverage tax revenue, the Comptroller shall distribute the amount necessary to administer the alcoholic beverage tax laws to an administrative cost account.

(B) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, OF THE REMAINING ALCOHOLIC BEVERAGE TAX REVENUE, 25 THE COMPTROLLER SHALL DISTRIBUTE:

(1) 15% TO THE DEVELOPMENTAL DISABILITY SUPPORT FUND ESTABLISHED UNDER § 7-207 OF THE HEALTH - GENERAL ARTICLE;

(2) 15% TO THE ADDICTION TREATMENT AND PREVENTION FUND ESTABLISHED UNDER § 8-207 OF THE HEALTH - GENERAL ARTICLE;

(3) 15% TO THE MENTAL HEALTH CARE FUND ESTABLISHED 31 UNDER § 10-209 OF THE HEALTH - GENERAL ARTICLE; AND

(4) 42.25% TO THE MARYLAND MEDICAID TRUST FUND ESTABLISHED UNDER § 15-103.6 OF THE HEALTH - GENERAL ARTICLE.

~~[(b)]~~**(C)** After making the ~~[distribution]~~**DISTRIBUTIONS** required under ~~[subsection (a)]~~ **SUBSECTIONS (A) AND (B)** of this section, the Comptroller shall distribute the remaining alcoholic beverage tax revenue to the General Fund of the State.

5-105.

(a) Except as provided in subsection (d) of this section, the alcoholic beverage 8 tax rate for distilled spirits is:

(1) ~~[\$1.50]~~**\$10.03** for each gallon or ~~[39.63 cents]~~**\$2.65** for each liter; and

(2) if distilled spirits contain a percentage of alcohol greater than 100 proof, an additional tax, for each 1 proof over 100 proof, of ~~[1.5]~~**10.03** cents for each gallon or ~~[0.3963]~~**2.65** cents for each liter.

(b) Except as provided in subsection (d) of this section, the alcoholic beverage tax rate for wine is ~~[40 cents]~~ **\$2.96** for each gallon or ~~[10.57]~~**78.22** cents for each liter.

(c) Except as provided in subsection (d) of this section, the alcoholic beverage tax rate on beer is ~~[9 cents]~~ **\$1.16** for each gallon or ~~[2.3778]~~ **30.6472** cents for each liter.

(d) The tax imposed under § 5-102(b) of this subtitle shall equal the amount that the discriminating jurisdiction charges a Maryland licensee or permit holder.

Article - Health - General

7-207.

(A) IN THIS SECTION, "FUND" MEANS THE DEVELOPMENTAL DISABILITY SUPPORT FUND.

(B) THERE IS A DEVELOPMENTAL DISABILITY SUPPORT FUND.

(C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES.

(D) THE SECRETARY SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) (1) THE FUND MAY BE USED ONLY AS PROVIDED IN THIS SUBSECTION.

(2) THE SECRETARY SHALL USE 50% OF THE MONEY IN THE FUND TO SUPPORT PROVIDERS WHO ARE LICENSED UNDER THIS TITLE, BY:

(I) PROVIDING FUNDING FOR THE AVERAGE COST OF WAGES AND BENEFITS OF COMMUNITY-BASED DIRECT SUPPORT STAFF, AS DETERMINED BY THE COMMUNITY SERVICES REIMBURSEMENT RATE COMMISSION; AND

(II) IF THE DEPARTMENT HAS PROVIDED FULL FUNDING FOR THE COSTS DESCRIBED IN ITEM (I) OF THIS PARAGRAPH, PROVIDING FUNDING FOR THE REMAINING COSTS OF PROVIDING SERVICES.

(3) THE SECRETARY SHALL USE 50% OF THE MONEY IN THE FUND TO SUPPORT SERVICES TO INDIVIDUALS WHO ARE ON THE ADMINISTRATION WAITING LIST AND ARE ELIGIBLE FOR, BUT NOT RECEIVING, ONE OR MORE SERVICES FROM THE ADMINISTRATION, AS FOLLOWS:

(I) 25% OF THE FUNDS UNDER THIS PARAGRAPH SHALL BE USED TO PROVIDE COMMUNITY-BASED RESIDENTIAL SERVICES, COMMUNITY-BASED DAY SERVICES, AND SUPPORTED EMPLOYMENT SERVICES TO INDIVIDUALS; AND

(II) 75% OF THE FUNDS UNDER THIS PARAGRAPH SHALL BE USED TO PROVIDE COMMUNITY-BASED RESPITE CARE, INDIVIDUAL SUPPORT SERVICES, AND FAMILY SUPPORT SERVICES TO INDIVIDUALS LIVING WITH THEIR FAMILIES.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(J) MONEY EXPENDED FROM THE FUND TO SUPPORT COMMUNITY-BASED SERVICES FOR INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES:

(1) IS SUPPLEMENTAL TO AND NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE PROGRAMS; AND

(2) MAY NOT BE USED TO COVER THE COST OF PROVIDING INFLATIONARY ADJUSTMENTS AS REQUIRED UNDER § 16-201.2 OF THIS ARTICLE.

(K) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE NUMBER OF INDIVIDUALS SERVED AND THE SERVICES PROVIDED IN THE PRECEDING FISCAL YEAR USING THE FUND.

8-207.

(A) IN THIS SECTION, "FUND" MEANS THE ADDICTION TREATMENT AND PREVENTION FUND.

(B) THERE IS AN ADDICTION TREATMENT AND PREVENTION FUND.

(C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL ADDICTIONS IN ADULTS AND ADOLESCENTS, INCLUDING TREATMENT FOR THOSE WITH CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.

(D) THE SECRETARY SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) THE FUND MAY BE USED ONLY TO PROVIDE ADDITIONAL FUNDING FOR THE ADMINISTRATION TO SUPPORT COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL ADDICTIONS IN ADULTS AND ADOLESCENTS, INCLUDING TREATMENT FOR THOSE WITH CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(J) MONEY EXPENDED FROM THE FUND TO SUPPORT COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF DRUG AND ALCOHOL ADDICTIONS IN ADULTS AND ADOLESCENTS IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE PURPOSES.

10-209.

(A) IN THIS SECTION, "FUND" MEANS THE MENTAL HEALTH CARE FUND.

(B) THERE IS A MENTAL HEALTH CARE FUND.

(C) THE PURPOSE OF THE FUND IS TO SUPPORT COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF MENTAL ILLNESSES IN CHILDREN AND ADULTS, INCLUDING TREATMENT FOR THOSE WITH CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.

(D) THE SECRETARY SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) THE FUND MAY BE USED ONLY TO PROVIDE ADDITIONAL FUNDING FOR THE ADMINISTRATION TO SUPPORT COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF MENTAL ILLNESSES IN CHILDREN AND ADULTS, INCLUDING TREATMENT FOR THOSE WITH CO-OCCURRING SUBSTANCE USE AND MENTAL HEALTH DISORDERS.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(J) MONEY EXPENDED FROM THE FUND TO SUPPORT COMMUNITY-BASED PROGRAMS FOR THE TREATMENT AND PREVENTION OF MENTAL ILLNESSES IN CHILDREN AND ADULTS IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR THOSE PURPOSES.

15-103.6.

(A) IN THIS SECTION, "FUND" MEANS THE MARYLAND MEDICAID TRUST FUND.

(B) THERE IS A MARYLAND MEDICAID TRUST FUND.

(C) THE PURPOSE OF THE FUND IS TO PROVIDE HEALTH SERVICES UNDER THE MARYLAND MEDICAL ASSISTANCE PROGRAM TO THE POPULATION OF INDIVIDUALS DESCRIBED IN § 15-103(A)(2)(X) OF THIS SUBTITLE BEYOND THE LEVEL OF PRIMARY CARE SERVICES.

(D) THE SECRETARY SHALL ADMINISTER THE FUND.

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF:

(1) ALCOHOLIC BEVERAGE TAX REVENUE DISTRIBUTED TO THE FUND UNDER § 2-301(B) OF THE TAX - GENERAL ARTICLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

(3) INVESTMENT EARNINGS OF THE FUND; AND

(4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) THE FUND MAY BE USED ONLY TO PROVIDE FUNDING FOR HEALTH SERVICES UNDER THE MARYLAND MEDICAL ASSISTANCE PROGRAM TO THE POPULATION OF INDIVIDUALS DESCRIBED IN § 15-103(A)(2)(X) OF THIS SUBTITLE BEYOND THE LEVEL OF PRIMARY CARE SERVICES.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO THE FUND.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2010. 8

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