

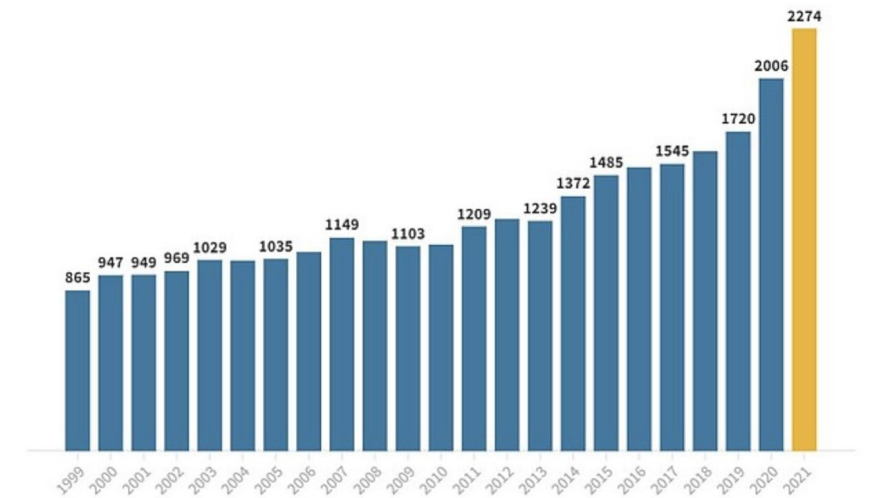
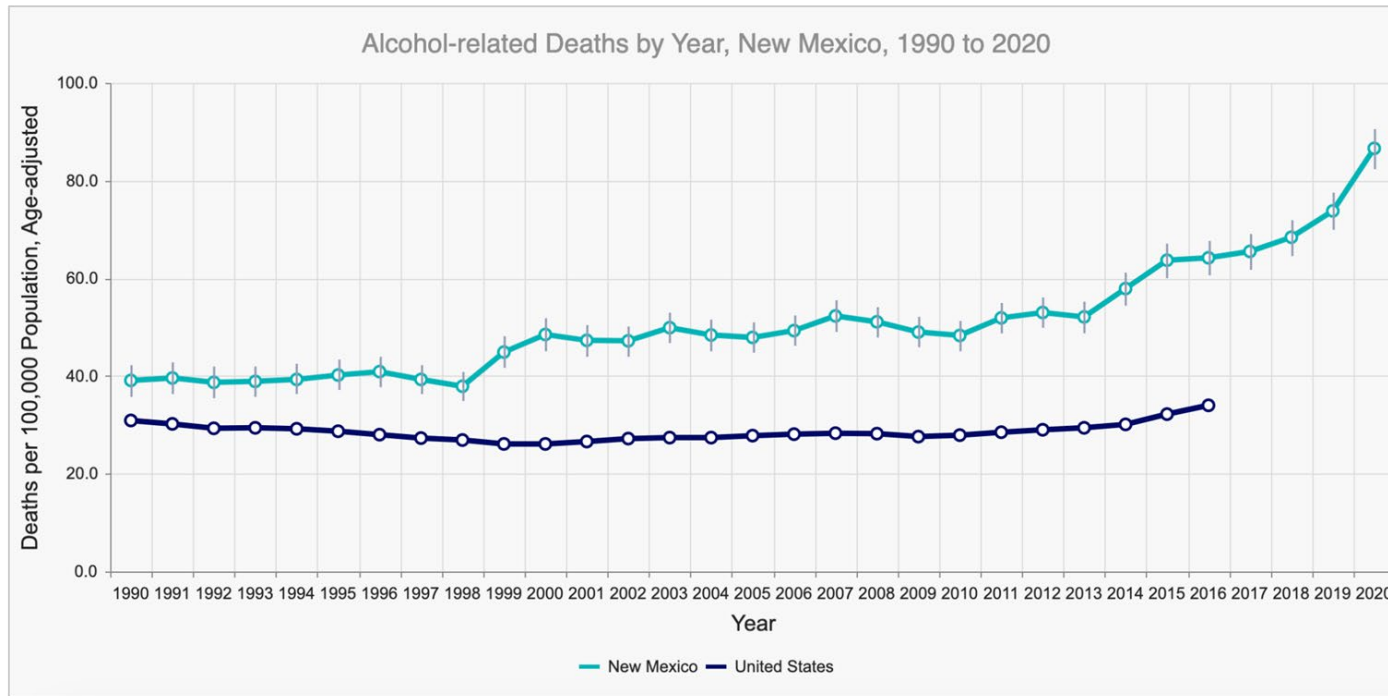
# Raising the Liquor Excise Tax for Alcohol Harms Alleviation (AHA)

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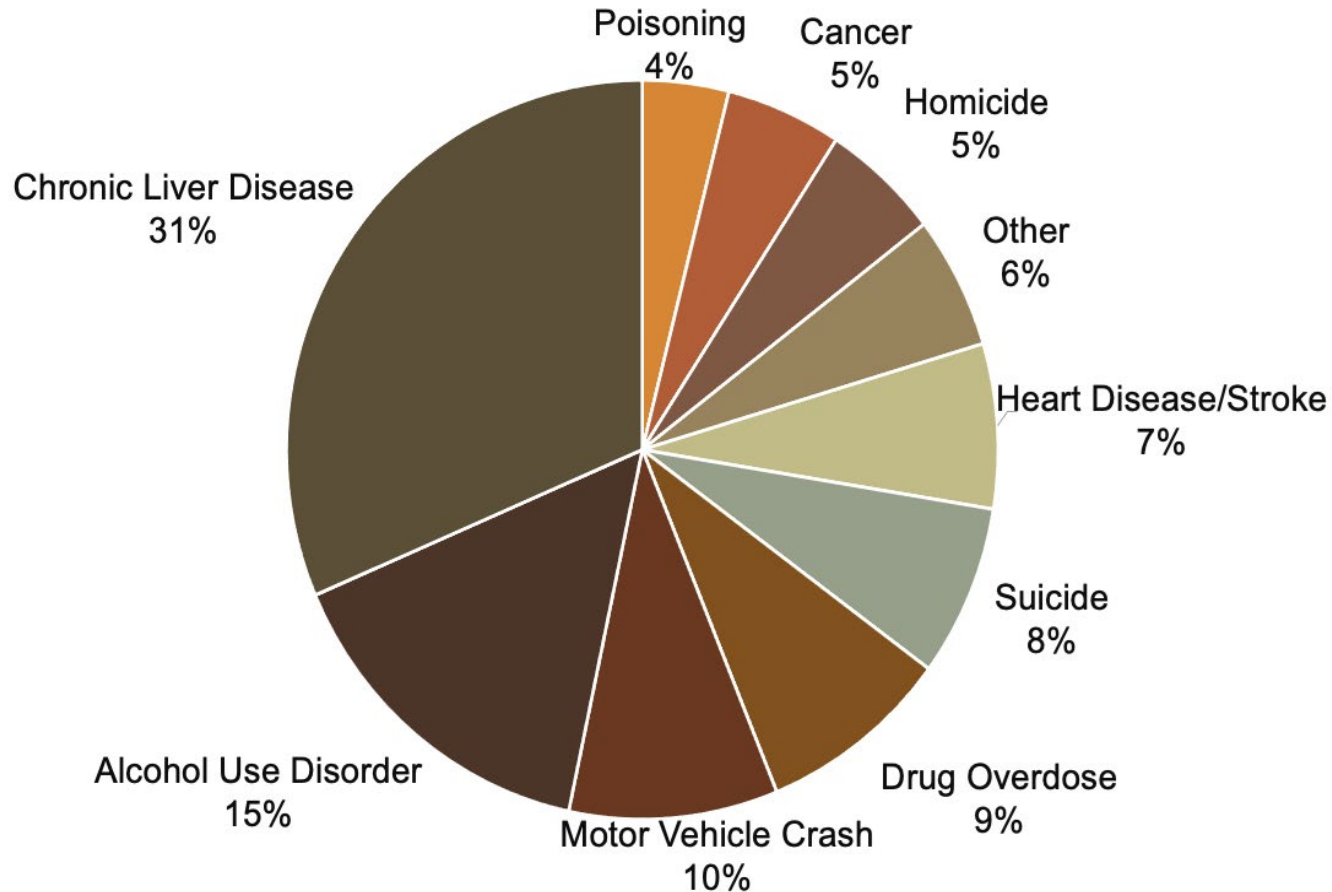
# NM: Highest U.S. alcohol-related death rate since '97 and all-time high in 2021



Source: New Mexico Department of Health **New Mexico In Depth**



# Not Just Cirrhosis and Car Crashes

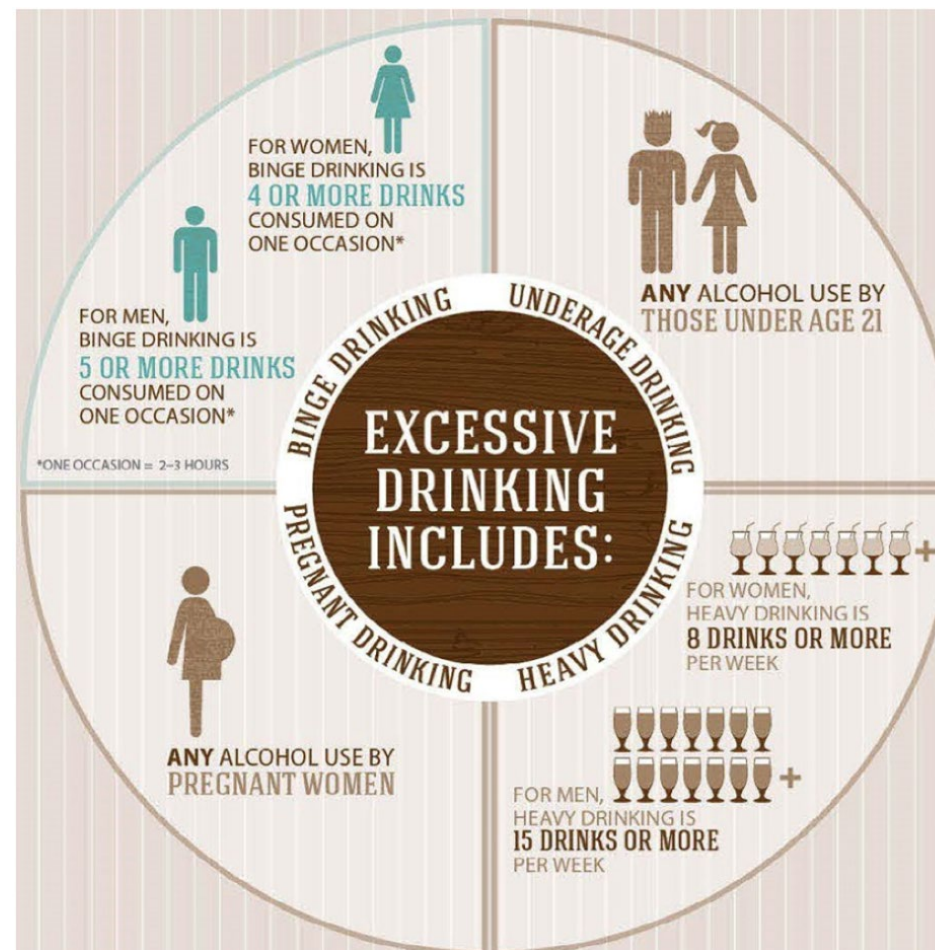


## EXCESSIVE ALCOHOL USE IS ASSOCIATED WITH:

- Cancer
- Heart disease
- Alcohol use disorder
- Anxiety and depression
- Learning and memory problems
- Liver disease
- Digestive problems
- Violence
- Motor vehicle crashes and other injuries
- Death

# Alcohol Use Disorder is Not the Only Problem

- In New Mexico in 2020:
  - 14.5% of adults reported binge drinking in the past 30 days
  - 6.0% of adults reported heavy drinking in the past 30 days
  - 28.6% of high school students reported that they were current drinkers
  - 4.5% of pregnant people drank during last 3 months of pregnancy



# NMDOH Recommendations (2023)

## THINGS THAT CAN BE DONE TO DECREASE ALCOHOL-RELATED HARM

**Increase Alcohol Taxes** - Increasing alcohol taxes has been shown to decrease drinking (including underage drinkers), and decrease many alcohol-related harms.

**Regulate Alcohol Outlet Density** - Limiting the number of businesses selling and distributing alcohol in neighborhoods is one of the most effective strategies for reducing alcohol-related harm.

**Increase Alcohol Screening and Brief Intervention** - Screening and brief intervention services provided in clinical, community, or fully online settings has been shown to reduce excessive alcohol consumption.

**Limit the days and hours alcohol sales occur** - Maintaining or decreasing days and hours that alcohol is sold.

To learn more visit The Community Guide at [www.thecommunityguide.org/alcohol/index.html](http://www.thecommunityguide.org/alcohol/index.html) and the US Preventive Services Task Force <https://www.uspreventiveservicestaskforce.org>



# Economic Cost of Excessive Alcohol Consumption

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- Calculated based on alcohol-related healthcare costs, lost productivity, and other costs (fires, criminal justice, property damage, etc.)
- **In 2010**, excessive alcohol consumption cost **New Mexico \$2.2 billion**; adjusting only for inflation, cost is estimated at **\$3.1 billion in 2023**
- In 2010, this amounted to \$2.77 per drink or \$1,084/person. An estimated 40% of these costs are paid directly by taxpayers (\$3.93 adjusting for inflation)
- In contrast, New Mexico's alcohol excise taxes per drink are:
  - Spirits and wine: about 7 cents/drink
  - Beer: 4 cents/drink
  - New Mexico made alcohol products: ½ to 1 cent/drink





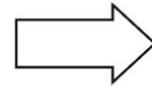
# Alcohol Excise Taxes: An Overview

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- Alcohol excise taxes imposed upon the producer/manufacturer and passed to consumers
- Alcohol excise tax is different from sales tax, which is imposed upon consumer sales
- Raising the price of alcohol targets high-volume drinkers and can reduce health inequities
- Increasing the price of alcohol leads to reductions in:
  - Alcohol consumption: a 1% increase in price leads to a 0.77% decrease in consumption
  - Alcohol dependence and mortality from cirrhosis
  - Motor vehicle crashes and fatalities
  - Sexually transmitted infections
  - Violence
  - All-cause mortality

# What is a Taxable Unit of Alcohol in New Mexico?

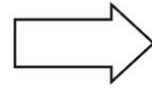
**1 Gallon of Beer**



x 11

**About 11 Beers**

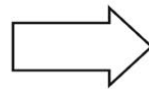
**1 Liter of Wine**



x 7

**About 7 Glasses of Wine**

**1 Liter of Distilled Spirits**



x 23

**About 23 Shots**

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[https://www.amazon.com/Nalgene-Sustain-BPA-Free-Material-Derived/dp/B08XY3MVRP/ref=sr\\_1\\_13\\_sspa?crid=3DTPF2096062&keywords=1%2Bliter%2Bwater%2Bbottles&qid=1697393237&s=sporting-goods&sprefix=1%2Bliter%2Bw%2Csporting%2C143&sr=1-13-spons&sp\\_csd=d2lkZ2V0TmF1ZT1zcF9tdGY&th=1](https://www.amazon.com/Nalgene-Sustain-BPA-Free-Material-Derived/dp/B08XY3MVRP/ref=sr_1_13_sspa?crid=3DTPF2096062&keywords=1%2Bliter%2Bwater%2Bbottles&qid=1697393237&s=sporting-goods&sprefix=1%2Bliter%2Bw%2Csporting%2C143&sr=1-13-spons&sp_csd=d2lkZ2V0TmF1ZT1zcF9tdGY&th=1)



# NM Alcohol Excise Taxes

## Last Increase in 1993 (no inflation adjustment)

Category	Current NM tax rate (1993)	Range for U.S. States	Tax per drink (approximate)	Proposal: Add .25/drink New Rate	Proposal: Add .25/drink to tax
Spirituous liquors	<b>\$1.60 per liter</b>	\$0.53-\$9.66 per liter	\$.07	<b>\$7.24/liter</b>	\$0.32
Beer, cider, premixed drinks, hard seltzer, wine coolers	<b>\$0.41 per gallon</b>	\$0.02-\$1.29 per gallon	\$.04	<b>\$3.08/gallon</b>	\$0.29
Wine	<b>\$0.45 per liter</b>	\$0.05-\$0.95 per liter	\$.07	<b>\$2.14/liter</b>	\$0.32
Fortified wine	\$1.50 per liter		\$0.13	<b>\$3.92/liter</b>	\$0.38
Microbrews	\$.08 per gallon		\$.0056		<b>No Change</b>
Wine (small winegrower)	\$0.10 on 1 <sup>st</sup> 80K liters, \$.20 on liters >80K and <950K		\$0.10 on 1 <sup>st</sup> 80K liters, \$.20 on liters >80K and <950K		<b>No Change</b>

# NM Alcohol Excise Tax Increase: MORE REVENUE *(and less consumption)*

Scenario	Tax Per Standard Drink			Expected Change in Consumption			Expected Tax Revenue	
	Beer	Wine	Liquor	Beer	Wine	Liquor	Increase	Total
<a href="#">1. Current Tax Rates</a>	\$0.04	\$0.07	\$0.07	0%	0%	0%	0	\$50,858,758
2. \$0.15 increase/std drink	\$0.19	\$0.22	\$0.22	-7%	-3%	-6%	\$142,098,764	\$192,957,522
3. 400% Increase (i.e., 5x the current rate)	\$0.19	\$0.33	\$0.36	-7%	-5%	-11%	\$181,927,447	\$232,786,205
4. \$0.25 increase/std drink	\$0.29	\$0.32	\$0.32	-12%	-5%	-10%	\$225,615,485	\$276,474,243
5. \$0.50 / std drink	\$0.50	\$0.50	\$0.50	-22%	-8%	-17%	\$365,326,868	\$416,185,626

**With an increase of \$0.25/standard drink,  
NM would receive \$275 million in annual revenue!**



# Annual Impact of the Tax Increase on Individuals by Income Level

		Annual Increase in Spending by Income Level			
	Proposed Excise Tax Increase / Standard Drink	<\$25,000	\$25,000-49,999	\$50,000-74,999	>\$75,000
Non-excessive drinkers	\$0.25	\$8.09	\$9.14	\$9.75	\$11.52
Excessive drinkers	\$0.25	\$54.04	\$47.68	\$50.76	\$62.72

**Greatest increases in alcohol costs are seen among heaviest consumers, regardless of income.**

**Alcohol tax revenues go into government services. Persons with lower incomes are more likely to use government services than wealthier individuals and households.**

# What can NM do with \$275 million?

## NM Alcohol Harms Alleviation (AHA) Fund

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- Continued funding of programs in current statute: LDWI Program, Drug Courts, and Farmington program
- Alcohol prevention, treatment and recovery services
- Behavioral health treatment
- Culturally relevant prevention, treatment and reduction of alcohol-related harms for Indian nations, tribes & pueblos (as recommended by tribes to meet their needs)
- Addressing social determinants of health related to alcohol misuse (such as transportation, housing assistance, etc.)
- Support for victims of alcohol-related crimes, including domestic violence and sexual assault