


NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.

Only the most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC's office in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Nava DATE TYPED: 02/08/02 HB _____
 SHORT TITLE: Liquor Excise Tax Revenue Distribution SB 334
 ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
(170.0)	(\$1,934.0)		Recurring	State General Fund
	\$1,875.0		Recurring	Lea County
	\$170.0		Nonrecurring ⁽¹⁾	Shared among All Counties ⁽¹⁾

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department

SUMMARY

Synopsis of Bill

This bill increases percentage of state Liquor Excise Tax revenue distributed to the Local DWI Grant Fund administered by the Local Government Division of the Department of Finance and Administration. The current percentage is 34.57% of net Liquor Excise Tax revenue. For fiscal year 2003, the percent distributed would increase to 39.68%. For fiscal year 2004 and thereafter, the percent distributed would decrease slightly from the FY 2003 level to 36.31% of net collections.

An additional \$1,875 thousand in FY 2003 and \$640 thousand in subsequent years would be appropriated from the DWI Grant Fund for distribution to Dona Ana County to fund an alcohol treatment facility.

Amounts for other beneficiaries of the fund, the formula distribution to all counties and the \$2 million reserved for grants to local governments, would be mostly unchanged from current amounts.

FISCAL IMPLICATIONS

The revenue table reflects the impact of the increase in distributions on the general fund. The fiscal year 2002 impact results from the July 1 effective date of the bill. The first revised distribution to the Local DWI Grant Fund would be transferred in mid-July, 2002, affecting June 2002 state general fund revenue. The fiscal year 2003 impact is the effect of the June 2003 revenue distributed in July—approximately \$59 thousand—at the fiscal year 2004 distribution rate of 36.31% (a decrease from FY 2003 levels, but an increase from current levels). June revenue (distributed in July) is slightly more than 1/12th of the full year amount because summer liquor tax revenues are stronger than other periods of the year.

The precise timing of the distribution of the additional \$170 thousand in FY 2003 “shared among all counties” has not been determined, and may depend on the timing of distributions to the particular counties with alcohol detoxification and treatment facilities. Presumably at some point the \$170 thousand and \$59 thousand from FY 2002 and FY 2003 liquor tax revenue would be available for the formula distribution to all counties under Section 11-6A-6 NMSA 1978 (Section 3 of the bill). This portion of the fiscal impact would be nonrecurring.

TRD notes the following legislative history:

The DWI Grant Fund was originally created by Laws 1993, Chapter 65, Section 3 (Chapter 11, Article 6A NMSA 1978) as part of a major liquor tax increase and DWI prevention effort. From 1993 through 1997 the fund was financed by state general fund appropriation. The 1993 legislation appropriated \$5.5 million for the 1993-94 fiscal year to the newly-created Local DWI Grant Fund for use in grants to local communities to fund innovative programs and services dealing with DWI, alcoholism and alcohol abuse. Appropriations to the fund for fiscal years 1994 through 1997 were roughly \$5 million per year. Also in fiscal year 1993-94, an additional \$5.1 million was appropriated to the newly created DWI Program Fund administered by DFA for use in new state agency programs meeting the guidelines of the Alcoholism and Alcohol Abuse Prevention, Screening and Treatment Act. The Community DWI Fund was appropriated \$9.2 million, replacing the old earmarked tax to the Community Alcoholism Treatment and Detoxification Fund.

1997 legislation (Laws 1997, Chapter 182 – 1997 HB-107) directed 27.2% (\$9.7 million) of state Liquor Excise Tax revenue from the State General Fund to the Local DWI Grant Fund, and created a new quarterly distribution by formula to counties amounting to available money in the fund less \$2 million reserved for local government grants.

2000 legislation (Laws 2000, Chapter 83 – 2000 SWMC Substitute for SB-96) increased the DWI Grant Fund distribution to 32.7% (an additional \$2.0 million) of Liquor Excise Tax revenue for fiscal year 2002 only, and appropriated the additional amount to Bernalillo County (\$1.7 million) and San Juan County (\$0.3 million) to fund alcohol detoxification and treatment facilities.

2001 legislation (Laws 2001, Chapter 112 – HB-103) permanently directed 34.57% of state Liquor Excise Tax revenue to the Local DWI Grant Fund, beginning in fiscal year 2002. An additional \$0.5 million was appropriated from the DWI Grant Fund for distribution to Santa

Fe County (\$0.3 million) and Rio Arriba County (\$0.2 million) to fund alcohol detoxification and treatment facilities.

The one-time distributions to Bernalillo County (\$1.7 million) and San Juan County (\$0.3 million) formerly specified for fiscal year 2002 to fund alcohol detoxification and treatment facilities was made permanent.

SS/njw:ar