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FISCAL IMPACT REPORT

SPONSOR: Griego DATE TYPED: 3/21/03 HB _____
 SHORT TITLE: Failure to Pay Liquor Excise Tax Notices SB 875/aSRC
 ANALYST: Maloy

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	See Narrative	See Narrative	Recurring	General Fund

SOURCES OF INFORMATION

Responses Received From

The Alcohol and Gaming Division, Regulation and Licensing Department

SUMMARY

Synopsis of SRC Amendment

The Senate Rules Committee Amendment to Senate Bill 875 clarifies that “director” responsible for making the determination that the liquor excise tax is being collected from common carriers is the “director of the special investigations division at the department of public safety” and not the alcohol and gaming director at the regulation and licensing department.

Synopsis of Original Bill

Senate Bill 875 enacts a new subsection to Section 60-7A-3 of the Liquor Control Act. This new subsection requires an investigation by the *director* to determine whether the liquor excise tax is being collected from common carriers transporting alcoholic beverages into New Mexico, as required by current law.

Significant Issues

- Enactment of this bill will result in the development of an enforcement program within the Department of Public Safety, Special Investigation Division.

- If no evidence of payment can be produced, the special investigations officer is required to notify the Taxation and Revenue Department of alleged violations of the Liquor Excise Tax Act in order that the Taxation and Revenue Department can take appropriate action.

FISCAL IMPLICATION

Enactment of SB 875 may result in additional revenues being collected by the Taxation and Revenue department that will go to the general fund. This will be a recurring benefit to the general fund.

There is no speculation on how many potential common carriers are transporting alcoholic beverages without payment of the liquor excise tax. Further, the effectiveness of the proposed investigation / enforcement program is not yet known. Thus, the comprehensive value of the revenue to the general fund is unknown.

There will be administrative costs to the Special Investigations Division of the Department of Public Safety for the enforcement activities.

OTHER SUBSTANTIVE ISSUES

- The bill provides that the “director” shall investigate. The definition of “director”, pursuant to the Liquor Control Act means the director of the special investigations division of the department of public safety when the term is used in reference to the enforcement and investigatory provisions of the Liquor Control Act, but means the director of the alcohol and gaming division of the regulation and licensing department when the term is used in reference to the licensing provisions of the Liquor Control Act. It appears, therefore, that the director of the special investigations division of the department of public safety would be the person initiating the investigation as provided for in the new language.
- Liquor Excise Tax is paid at the time of delivery to a licensed New Mexico wholesaler. If alcoholic beverages are being shipped into New Mexico without going through a licensed New Mexico wholesaler, excise tax due from a person or entity is likely not collected and would be difficult to detect.

SJM/njw