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## FISCAL IMPACT REPORT

	<b>ORIGINAL DATE</b> 2/8/06		
<b>SPONSOR</b>	<u>HTRC</u>	<b>LAST UPDATED</b> 2/16/06	<b>HB</b> <u>435 &amp; 477/HTRCs</u>
	LIQUOR TAX DISTRIBUTION TO LOCAL DWI		
<b>SHORT TITLE</b>	<u>FUND</u>	<b>SB</b>	<u></u>
			<b>ANALYST</b> <u>Schardin</u>

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	9,994.0	10,193.9	Recurring	Local DWI Grant Fund
	(9,994.0)	(10,193.9)	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Conflicts with SB525.

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

The House Taxation and Revenue Committee substitute for House Bills 435 and 477 would increase the percentage of liquor excise tax revenue that is distributed into the local DWI grant fund from 34.57 percent to 60 percent. Doing so would cause the percentage of liquor excise tax revenue that is distributed into the general fund to decrease from the current level of 65.43 percent to 40 percent.

The bill would designate how additional local DWI grant fund revenue will be distributed amongst New Mexico's counties and the state's five alcohol detoxification and treatment centers.

Part of the new revenue to the local DWI grant fund would be used to increase the amount of funding available for grants to New Mexico counties.

The bill would eliminate an existing annual appropriation of \$300 thousand from the local DWI grant fund to the local government division of DFA to cover the costs of installing ignition interlock devices for indigent people who are required by law to install ignition interlock devices on their vehicles.

The effective date of this bill is July 1, 2006.

### **FISCAL IMPLICATIONS**

According to the January 2006 consensus revenue estimate, total liquor excise tax revenue is expected to be \$39.3 million in FY07. Under current law, the local DWI grant fund would receive 34.57 percent (\$13.6 million) and the general fund would receive 65.43 percent (\$25.7 million). The House Taxation and Revenue Committee substitute for House Bills 435 and 477 would increase the local DWI grant fund distribution to 60 percent (\$23.6 million) and decrease the general fund distribution to 40 percent (\$15.7 million). The total impact will be \$10.0 million.

The bill would increase the annual distributions to the state's alcohol detoxification and treatment centers by \$1.56 million from \$2.8 to \$4.36 million. About \$1 million of this funding increase would be earmarked for a new alcohol detoxification and treatment facility in De Baca County.

The bill would also increase the amount of funding for grants to New Mexico's 33 counties from about \$8.0 million to about \$16.7 million.

### **SIGNIFICANT ISSUES**

According to a report from UNM's Division of Government Research, 40 percent of all fatal crashes in New Mexico involved alcohol in 2004.

### **ADMINISTRATIVE IMPLICATIONS**

The bill will increase the administrative responsibilities of DFA's Local Government Division, which administers the local DWI grant fund.

DOH will need to oversee the new treatment center in De Baca County funded by this bill. This will require about ¼ FTE and three site visits per year to ensure quality of services provided.

The bill will require TRD to make minor administrative changes.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill conflicts with Senate Bill 525, which increases the local DWI grant fund share of the liquor excise tax and creates different ways for the additional DWI grant money to be distributed.

### **POSSIBLE QUESTIONS**

Page 4-5: What will be the impacts of removing the \$300 thousand per year appropriation to DFA to fund ignition interlock device installation for indigent people?

SS/mt:yr