

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 23

50th Legislature, 1st Session, 2011

Tracking Number: .182834.1

Short Title: Liquor Excise Tax Distribution to Schools

Sponsor(s): Representative Mary Helen García

Analyst: Craig J. Johnson

Date: January 27, 2011

Bill Summary:

House Bill 23 amends the *Tax Administration Act* by

- increasing the liquor excise tax on most alcoholic drinks by about \$.10 per drink;
- reducing the percentage distribution to the Local Government DWI Grant Fund; and
- establishing a new distribution to the Public School Fund.

Among its provisions, HB 23

- decreases the distribution of the net receipts attributable to liquor excise tax to the Local DWI Grant Fund from 41.15 percent to 15.3 percent;
- adds new language to the *Tax Administration Act*, making a distribution of 63.16 percent of the net receipts attributable to the liquor excise tax to the Public School Fund; and
- amends the *Liquor Excise Tax Act*, increasing the tax on alcoholic beverages as follows:
 - beer: the tax rate increases from \$0.41 to \$1.48 per gallon;
 - microbrew beer sold in this state: the tax increases from \$0.08 to \$1.15 per gallon;
 - cider: the tax rate increases from \$0.41 to \$1.48 per gallon;
 - fortified wine: the tax rate increases from \$1.50 to \$2.35 per liter; and
 - spirituous liquors: the tax rate increases from \$1.60 to \$3.85 per liter.

If passed, the provisions of HB 23 will take effect on July 1, 2011.

Fiscal Impact:

HB 23 changes the distributions of the liquor excise tax to redirect almost all of the increased revenue to the Public School Fund. The Taxation and Revenue Department's (TRD) fiscal analysis noted that "Distributions to the Local DWI Grant Fund are approximately the same after the tax increases and distribution changes outlined below."

Estimated Revenue Impact*					R or NR**	Fund(s) Affected
FY2011	FY2012	FY2013	FY2014	FY2015		
0	(71)	(137)	(243)	(410)	R	DWI Fund
0	75,339	76,497	77,535	78,209	R	Public School Fund
0	(161)	(206)	(477)	(607)	R	General Fund
0	75,107	76,154	76,815	77,192	R	Total

* In thousands of dollars. Parentheses () indicate a revenue loss. ** Recurring (R) or Non-Recurring (NR).

Background:

According to the TRD analysis, New Mexico currently has the ninth highest liquor tax on beer. HB 23 would make New Mexico the highest. New Mexico has the 18th highest liquor tax on spirits. HB 23 would make New Mexico the fifth highest.

Related Bills:

SB 258 *Adjusting Liquor Tax Distribution*