

1 AN ACT

2 RELATING TO TAXATION; INCREASING THE VOLUME LIMIT FOR SMALL
3 WINEGROWERS; INCREASING THE LIQUOR EXCISE TAX RATE FOR SMALL
4 WINEGROWERS PRODUCING OVER A CERTAIN AMOUNT OF WINE.

5
6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

7 SECTION 1. Section 7-17-2 NMSA 1978 (being Laws 1966,
8 Chapter 49, Section 2, as amended) is amended to read:

9 "7-17-2. DEFINITIONS.--As used in the Liquor Excise Tax
10 Act:

11 A. "alcoholic beverages" means distilled or
12 rectified spirits, potable alcohol, brandy, whiskey, rum,
13 gin, aromatic bitters or any similar beverage, including
14 blended or fermented beverages, dilutions or mixtures of one
15 or more of the foregoing containing more than one-half of one
16 percent alcohol by volume, but "alcoholic beverages" does not
17 include medicinal bitters;

18 B. "beer" means an alcoholic beverage obtained by
19 the fermentation of any infusion or decoction of barley, malt
20 and hops or other cereals in water and includes porter, beer,
21 ale and stout;

22 C. "cider" means an alcoholic beverage made from
23 the normal alcoholic fermentation of the juice of sound, ripe
24 apples that contains not less than one-half of one percent of
25 alcohol by volume and not more than seven percent of alcohol

1 by volume;

2 D. "department" means the taxation and revenue
3 department, the secretary of taxation and revenue or any
4 employee of the department exercising authority lawfully
5 delegated to that employee by the secretary;

6 E. "fortified wine" means wine containing more
7 than fourteen percent alcohol by volume when bottled or
8 packaged by the manufacturer, but "fortified wine" does not
9 include:

10 (1) wine that is sealed or capped by cork
11 closure and aged two years or more;

12 (2) wine that contains more than fourteen
13 percent alcohol by volume solely as a result of the natural
14 fermentation process and that has not been produced with the
15 addition of wine spirits, brandy or alcohol; or

16 (3) vermouth and sherry;

17 F. "microbrewer" means a person who produces less
18 than five thousand barrels of beer in a year;

19 G. "person" includes, to the extent permitted by
20 law, a federal, state or other governmental unit or
21 subdivision or an agency, department, institution or
22 instrumentality thereof;

23 H. "small winegrower" means a winegrower who
24 produces less than one million five hundred thousand liters
25 of wine in a year;

1 I. "spirituous liquor" means alcoholic beverages,
2 except fermented beverages such as wine, beer, cider and ale;

3 J. "wholesaler" means a person holding a license
4 issued under Section 60-6A-1 NMSA 1978 or a person selling
5 alcoholic beverages that were not purchased from a person
6 holding a license issued under Section 60-6A-1 NMSA 1978;

7 K. "wine" means an alcoholic beverage other than
8 cider that is obtained by the fermentation of the natural
9 sugar contained in fruit or other agricultural products, with
10 or without the addition of sugar or other products, and that
11 does not contain more than twenty-one percent alcohol by
12 volume; and

13 L. "winegrower" means a person licensed pursuant
14 to Section 60-6A-11 NMSA 1978."

15 SECTION 2. Section 7-17-5 NMSA 1978 (being Laws 1993,
16 Chapter 65, Section 8, as amended) is amended to read:

17 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

18 A. There is imposed on a wholesaler who sells
19 alcoholic beverages on which the tax imposed by this section
20 has not been paid an excise tax, to be referred to as the
21 "liquor excise tax", at the following rates on alcoholic
22 beverages sold:

23 (1) on spirituous liquors, one dollar sixty
24 cents (\$1.60) per liter;

25 (2) on beer, except as provided in Paragraph

1 (5) of this subsection, forty-one cents (\$.41) per gallon;

2 (3) on wine, except as provided in
3 Paragraphs (4) and (6) of this subsection, forty-five cents
4 (\$.45) per liter;

5 (4) on fortified wine, one dollar fifty
6 cents (\$1.50) per liter;

7 (5) on beer manufactured or produced by a
8 microbrewer and sold in this state, provided that proof is
9 furnished to the department that the beer was manufactured or
10 produced by a microbrewer, eight cents (\$.08) per gallon;

11 (6) on wine manufactured or produced by a
12 small winegrower and sold in this state, provided that proof
13 is furnished to the department that the wine was manufactured
14 or produced by a small winegrower:

15 (a) ten cents (\$.10) per liter on the
16 first eighty thousand liters sold;

17 (b) twenty cents (\$.20) per liter on
18 each liter sold over eighty thousand liters but not over nine
19 hundred fifty thousand liters; and

20 (c) thirty cents (\$.30) per liter on
21 each liter sold over nine hundred fifty thousand liters but
22 not over one million five hundred thousand liters; and

23 (7) on cider, forty-one cents (\$.41) per
24 gallon.

25 B. The volume of wine transferred from one

1 winegrower to another winegrower for processing, bottling or
2 storage and subsequent return to the transferor shall be
3 excluded pursuant to Section 7-17-6 NMSA 1978 from the
4 taxable volume of wine of the transferee. Wine transferred
5 from an initial winegrower to a second winegrower remains a
6 tax liability of the transferor, provided that if the wine is
7 transferred to the transferee for the transferee's use or for
8 resale, the transferee then assumes the liability for the tax
9 due pursuant to this section.

10 C. A transfer of wine from a winegrower to a
11 wholesaler for distribution of the wine transfers the
12 liability for payment of the liquor excise tax to the
13 wholesaler upon the sale of the wine by the wholesaler."

14 SECTION 3. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is January 1, 2014. _____

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