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## FISCAL IMPACT REPORT

**SPONSOR** Lundstrom **ORIGINAL DATE** 3/3/15  
**LAST UPDATED** \_\_\_\_\_ **HB** 550  
**SHORT TITLE** Prohibit Sale of Powdered Alcohol **SB** \_\_\_\_\_  
**ANALYST** Elkins

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	NFI	NFI		

(Parenthesis ( ) Indicate Revenue Decreases)

Conflicts with HB 243

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)

Administrative Office of the Courts (AOC)

Attorney General's Office (AGO)

Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Bill 550 makes it a fourth degree felony to use, sell, offer for use, purchase, offer to purchase, sell, offer to sell or possess powdered alcohol, or for a person licensed to sell alcoholic beverages to use powdered alcohol in the preparation of alcoholic beverages.

This bill contains an emergency provision stating it is necessary for the public peace, health, and safety that this act take effect immediately.

### FISCAL IMPLICATIONS

There are no significant fiscal implications.

## SIGNIFICANT ISSUES

According to the National Conference of State Legislatures:

In April 2014, the U.S. Alcohol and Tobacco Tax and Trade Bureau (TTB) approved labels for a product called Palcohol that can be added to water to make an alcoholic beverage.

The makers of Palcohol, who are seeking federal approval to market it, say their freeze-dried vodka, rum, “powderitas” and other drinks will appeal to backpackers and others who want a lightweight, more portable form of liquor. Within two weeks of approving the labels, the TTB issued a statement that the label approvals were issued in error.

In 2014, Louisiana, South Carolina, and Vermont joined Alaska by enacting legislation prohibiting the sale of powdered alcohol. Delaware tit. 4, §101, amended in the 1985-1986 legislative session, includes powders in the definition of a concentrated alcoholic beverage, but the statutes do not regulate concentrated alcoholic beverages further. Michigan enacted legislation that includes powder containing 0.5 percent or more of alcohol by volume in the definition of "alcoholic liquor."

Forty-two bills in 26 states have been introduced in the 2015 legislative session to date.

For a more information on powdered alcohol and powdered alcohol legislation visit: (<http://www.ncsl.org/research/financial-services-and-commerce/powdered-alcohol-2015-legislation.aspx>)

According to the Department of Health, because powdered alcohol is a new product, its impact on health has not been well researched. However, there are concerns that the product may lend itself to abuse and misuse because it is a very high concentration of alcohol, is easily concealed, and is produced in flavors that may appeal to children. For example, in Virginia, where a ban on powdered alcohol has recently passed, the reasoning for the legislation was the potential for abuse and use by people under the age of 21 years. ([www.cavalierdaily.com/article/2015/02/virginia-senate-bans-powdered-alcohol](http://www.cavalierdaily.com/article/2015/02/virginia-senate-bans-powdered-alcohol))

In 2013 (the most recent year available), 28.9 percent of New Mexico high school students reported drinking in the last 30 days and 17.1 percent of them reported binge drinking (5 or more drinks in a row). Since powdered alcohol is easy to over-consume, conceal and obtain, particularly for minors, underage alcohol consumption may increase.

## CONFLICT

House Bill 243 expands the definition of alcohol to include powdered forms.

CE/je/aml