# F I S C A L   I M P A C T   R E P O R T

**SPONSOR** Munoz **ORIGINAL DATE** 02/08/16 **LAST UPDATED** **HB**

**SHORT TITLE** Liquor Tax for Detox, Treatment & Homeless **SB** 194

**ANALYST** Alejandro

## REVENUE (dollars in thousands)

| Estimated Revenue | | | | | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|
| **FY16** | **FY17** | **FY18** | **FY19** | **FY20** | | |
| ($0.0) | ($500.0) | ($500.0) | ($500.0) | ($500.0) | Recurring | General Fund |
| $0.0 | $500.0 | $500.0 | $500.0 | $500.0 | Recurring | McKinley County |

Parenthesis ( ) indicate revenue decreases

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| FY16 | FY17 | FY18 | 3-Year Total | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|
| $0.0 | $140.0 | $0.0 | $140.0 | Nonrecurring | TRD Budget |

Parenthesis ( ) indicate expenditure decreases

## SOURCES OF INFORMATION

LFC Files

Responses Received From
Taxation and Revenue Department (TRD)
Department of Public Safety (DPS)
Department of Health (DOH) analysis of 2015 Senate Bill 265

## SUMMARY

### Synopsis of Bill

Senate Bill 194 seeks to redistribute $500 thousand per year ($41,667 per month) from the net receipts attributable to the liquor excise tax to a Class B County that has a population of more than 70,000 but less than 75,000 according to the most recent federal decennial census. This distribution can only be used for the provision of a substance abuse detoxification and treatment center and homeless shelter. McKinley County would be the sole beneficiary of this redistribution as it is the only county meeting the population criteria.

This bill has an effective date of July 1, 2016, and does not include a sunset date.

**FISCAL IMPLICATIONS**

The Taxation and Revenue Department used the January 2016 Consensus Revenue Estimate to determine the impact to the General Fund and to McKinley County's operating funds. As proposed in the bill, a monthly distribution of $41,667 or an annual distribution of $500 thousand will be made to McKinley County out of the liquor excise tax which has a corresponding decrease to the General Fund.

**SIGNIFICANT ISSUES**

In its 2015 analysis of a similar bill, DOH[1] reported that the alcohol-related death rate for McKinley County between 2009 and 2013 was 109 deaths per 100,000 people, more than twice the same rate for the entire state (52 deaths per 100,000). This positions McKinley as the second highest alcohol-related death rate county in the state. DOH noted that the alcohol-related death rate among American Indians in McKinley County (136 deaths per 100,000 population) is three times higher than the rate among non-Hispanic whites (44 deaths per 100,000 population).

DOH added that the most common causes of alcohol-related death in McKinley County between 2009 and 2013 were:

- Chronic liver disease (37 percent of alcohol attributable deaths)
- Alcohol poisoning (13 percent of deaths)
- Motor vehicle traffic crash deaths (12 percent of deaths)
- Alcohol dependence/abuse (11 percent of deaths)
- Homicide (7 percent of deaths)
- Suicide (6 percent of deaths)
- Fall injuries (3 percent of deaths)
- Deaths from hypothermia (3 percent of deaths - it is estimated that approximately 42 percent of deaths from hypothermia are due to alcohol)

DOH also noted that funds for educational programs, prevention and treatment including social detoxification of alcoholism and drug abuse funded through the local liquor excise tax in McKinley County, would likely be reduced if the bill is passed.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

This bill is conflicts with House Bill 273 which changes the distribution of net receipts from the liquor excise tax so that 5 percent of the net receipts would go to the magistrate drug court fund, and another 5 percent to the district court drug court fund.

**PERFORMANCE IMPLICATIONS**

The LFC tax policy of accountability is <u>not</u> met since DFA and TRD are not required in the bill to report annually to an interim legislative committee regarding the data compiled from the reports from the governing body to determine whether the proceeds from the tax are meeting their purpose.

---

[1] www.cdc.gov/alcohol/ardi.htm

## ADMINISTRATIVE IMPLICATIONS

According to TRD, the bill would have a high administrative impact as liquor revenue configurations, revenue business objects, and reports would need to be modified. There may not enough time to implement these changes by the effective date of July 1, 2016.

LA/al