AN ACT
RELATING TO TAXATION; RAISING THE LIQUOR EXCISE TAX RATE FOR CERTAIN TYPES OF ALCOHOLIC BEVERAGES; INDEXING THE RATE TO INFLATION.

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

SECTION 1. Section 7-17-5 NMSA 1978 (being Laws 1993, Chapter 65, Section 8, as amended by Laws 2013, Chapter 94, Section 2 and by Laws 2013, Chapter 95, Section 2) is amended to read:

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

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

.207007.2
(1) from July 1, 2017 through June 30, 2021:

(a) on spirituous liquors, [one dollar sixty cents ($1.60)] seven dollars twenty-four cents ($7.24) per liter;

[(2)] (b) on beer, except as provided in Paragraph (5) Subparagraph (e) of this [subsection, forty-one cents ($0.41)] paragraph, three dollars eight cents ($3.08) per gallon;

[(3)] (c) on wine, except as provided in Paragraphs (4) and (6) Subparagraphs (d) and (f) of this [subsection, forty-five cents ($0.45)] paragraph, two dollars fourteen cents ($2.14) per liter;

[(4)] (d) on fortified wine, [one dollar fifty cents ($1.50)] three dollars sixty-one cents ($3.61) per liter;

[(5)] (e) on beer manufactured or produced by a microbrewer and sold in this state, provided that proof is furnished to the department that the beer was manufactured or produced by a microbrewer, eight cents ($0.08) per gallon on the first ten thousand barrels [sold] and twenty-eight cents ($0.28) per gallon for [all barrels sold ever] between ten thousand [barrels but fewer than] and fifteen thousand barrels;

[(6)] (f) on wine manufactured or produced by a small winegrower and sold in this state, provided
that proof is furnished to the department that the wine was
manufactured or produced by a small winegrower:  \[(a)\] 1) ten
cents ($0.10) per liter on the first eighty thousand liters
\[sold;\] \[(b)\]; 2) twenty cents ($0.20) per liter \[on each liter
sold over\] for between eighty thousand \[liters but not over\]
and nine hundred fifty thousand liters; and \[(c)\] 3) thirty
cents ($0.30) per liter \[on each liter sold over\] for between
nine hundred fifty thousand \[liters but not over\] and one
million five hundred thousand liters; and
\[(7)\] \[(g)\] on cider, forty-one cents
($0.41) per gallon; and
\[(2)\] beginning July 1, 2021 and on July 1 of
every four years thereafter, at the rates as provided in
Paragraph (1) of this subsection, except adjusted to reflect
the change, if any, in the cost of consumer goods, as measured
by the consumer price index for all urban consumers in the west
urban area published by the United States department of labor.
On March 1, 2021 and on March 1 of every four years thereafter,
the department shall determine whether there has been a change
from the previous four years in the cost of consumer goods and,
if there has been a change, calculate the corresponding
adjustments to the liquor excise tax rates. The department
shall then promptly publish the prospective changes in rates
and notify wholesalers who sell alcoholic beverages of those
changes.
B. The volume of wine transferred from one winegrower to another winegrower for processing, bottling or storage and subsequent return to the transferor shall be excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable volume of wine of the transferee. Wine transferred from an initial winegrower to a second winegrower remains a tax liability of the transferor unless the wine is transferred to the transferee for the transferee's use or for resale, in which case the transferee assumes the liability for the tax due pursuant to this section.

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

SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2017.