

LFC Requester:	Brendon Gray
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**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

Analysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 01/24/2024

Bill No: HB 179

Sponsor: Joanne J. Ferrary and D. Wonda Johnson and Shannon D. Pinto
Short Title: LIQUOR TAX CHANGES & USES

Agency Name and Code AOC 218
Number: _____
Person Writing Robert Mitchell
Phone: 505-695-5453 **Email** aocrvm@nmcourts.go

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
		(\$25.000)	Recurring	General
		\$25.008	Recurring	Local DWI Grant
		\$3.000	Recurring	Drug Court
		\$21.743	Recurring	Alcohol Harms Alleviation

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

- Duplicates SB147 (Antoinette Sedillo Lopez and Bill Tallman and Shannon D. Pinto)
- Relates to HB212 (Micaela Lara Cadena and Derrick J. Lente and Cristina Parajón)
- Relates to HB213 (Micaela Lara Cadena and Derrick J. Lente and Cristina Parajón)
- Relates to HB217 (Jason C. Harper and Dayan Hochman-Vigil)

Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

HB179 removes the percentage-based distribution to the LDWI grant fund and the drug court fund and replaces the percentages with fixed funding amounts.

HB179 also stipulates that after distributions are made to the LDWI and treatment court funds, and the \$20,750 monthly to Farmington, all other revenue from the liquor excise tax will go into the alcohol harms alleviation fund.

The new fund will be administered by the DFA to be used for a generalized and wide range of expenditures, including: Prevention; Treatment; and Recovery services.

The bill specifies that the fund may be used to support all these services with Indian nations, tribes, and pueblos. It also stipulates that the legislature “shall prioritize community-based initiatives that address the needs of populations and communities that are disproportionately impacted by excessive alcohol use and are working to reduce health disparities.”

HB179 restructures the tax on various alcohol types attributable to the wholesaler and adds “Barrel” to definitions.

HB179 also creates an ongoing adjustment to the taxes every fiscal year based upon the consumer price index, providing that the rates cannot ever be lower than the previous fiscal year.

The effective date of the legislation is delayed one year to July 1, 2025.

FISCAL IMPLICATIONS

Since all other revenue from the liquor excise tax outside the three designated beneficiaries (local DWI fund, drug courts and the City of Farmington) will go into the alcohol harms alleviation fund, it will result in a distribution loss to the general fund of approximately \$50 million dollars annually.

SIGNIFICANT ISSUES

HB179 eliminates liquor excise tax distribution as a percentage and creates a fixed amount for distribution to drug courts (aka, treatment courts). Treatment courts, currently receiving 5% of the liquor excise tax revenues (just over \$2.5 million annually), would receive \$250,000 monthly (\$3 million annually, an increase of approximately \$500,000). Increasing the amount of the distribution to treatment courts would alleviate a fund balance deficit projected for as early as FY26 and would allow for strategic program expansion. The fixed amount, while making the fund more stable, also eliminates positive growth with the amount of liquor sold or with the built-in CPI increases.

HB179 removes the percentage-based allocation to the LDWI grant fund, currently at 45% to a fixed amount of \$2,084,000 monthly (\$25,008,000 annually). Similar to the drug court fund, the fixed amount will prevent the distribution from growing with the amount of liquor sold or with the built-in CPI increases. This will make the fund more stable, but also eliminates positive growth.

The stipulation that the legislature “shall prioritize community-based initiatives that address the needs of populations and communities that are disproportionately impacted by excessive alcohol use and are working to reduce health disparities” would likely add funds to support programs serving traditionally underserved populations and those who are justice-involved.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS