

<b>LFC Requester:</b>	<b>Brendon Grey</b>
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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** Feb 7 2024  
**Bill No:** HB 213

**Sponsor:** Rep. M Cadena/D Lente/C Parajon/J Hernandez  
**Short Title:** Liquor Taxes and Definitions

**Agency Name and Code** Indian Affairs Dept. - 609  
**Number:** \_\_\_\_\_  
**Person Writing** Ray Tafoya  
**Phone:** 505-699-0911    **Email** Ray.tafoya@iad.nm.gov

**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		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

HB 213 amends and establishes new provisions of the Liquor Excise Tax Act which include the following :

1. establishes a distribution to the newly created “alcohol and substance use harms alleviation fund”;
2. excludes the liquor excise tax from the definition of “gross receipts”;
3. includes new definitions for “barrel” and “retailers” and deletes definitions for “wine” and “wholesalers”;
4. imposes a tax on retailers and establishes new tax percentages for spiritous liquors, wine, and beer and/or cider;
5. provides exemptions for certain retailers;
6. establishes the “alcohol and substance use harms alleviation fund” as a non-reverting fund administered by the Department of Finance and Administration 50% of which is subject to appropriation to support and match federal funds for the state Medicaid program to provide alcohol and substance use harms prevention services to individuals in New Mexico including individuals on lands of Indian nations, tribes and pueblos. For fiscal year 2027, \$500,000 is appropriated to the Indian affairs department to contract for services to study the effects of tax policy on alcohol and substance use across demographics in New Mexico. An additional 10% is appropriated to the Indian affairs department to make annual distributions to municipalities, counties and Indian nations, tribes and pueblos for culturally relevant alcohol and substance use disorder services and programs for Native American populations in New Mexico;
7. transfers any unexpended and unencumbered funds in the local DWI grant fund to the “alcohol and substance use harms” fund;
8. repeals Sections 7-17-6, 7-17-9, 7-17-11 and 11-6A-1 through 11-6A-6; and
9. establishes an effective date of July 1, 2025 for the provision of HB 213.

**FISCAL IMPLICATIONS**

\$500,000 will be allocated annually beginning in fiscal year 2027 through fiscal year 2032 to IAD from the “Alcohol and Substance use Harms Alleviation Fund” specifically to contract with an entity to conduct a study on the effects of tax policy on alcohol and substance use across demographics in New Mexico. An additional 10% of the “Alcohol and Substance use Harms Alleviation Fund is allocated to IAD to make annual distributions for culturally relevant alcohol and substance use disorder services. IAD is responsible for determining the amounts of these

distributions and distributing them prior to November 1 of each year.

Possible personnel implications if IAD needs to hire additional staff to administer and manage these appropriations.

### **SIGNIFICANT ISSUES**

HB 213 as amended would allocate \$500,000 annually to IAD to contract an agency “to study the effects of tax policy on alcohol and substance use across demographics in NM, including race, gender, sexuality, age and socioeconomic background.”

In addition, IAD would be allocated 10% of the balance of the Alcohol and Substance Use Harms Alleviation Fund to make disbursements to local governments, including Nations Tribes and Pueblos for “culturally relevant alcohol and substance use disorder services and programs for Native American Populations in NM.”

### **PERFORMANCE IMPLICATIONS**

IAD would be responsible for contracting for services, determining the amounts of distributions, distributing funds appropriated, compliance and reporting on funds received.

### **ADMINISTRATIVE IMPLICATIONS**

There will be a need for administrative staff to oversee and administer the funds that are received by IAD.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Possible conflict/Duplication with HB 179, HB112, HB 212, SB 147

### **TECHNICAL ISSUES**

None.

### **OTHER SUBSTANTIVE ISSUES**

None.

### **ALTERNATIVES**

None.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

If Bill is not passed, Nations Tribes and Pueblos as well as NM Native American residents, who could benefit would lose the opportunity to take advantage of the proposed services and programs that would be funded through the bill.

### **AMENDMENTS**