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| <b>LFC Requester:</b> | <b>Brendon Gray</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** 01/27/2024  
**Bill No:** HB 217

**Sponsor:** Jason C. Harper and Dayan Hochman-Vigil  
**Short Title:** LIQUOR & CAR TAX DISTRIBUTIONS

**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               |
|                   | (\$249)    |      | Recurring                 | Municipality          |
|                   | \$30,000   |      | Recurring                 | Local DWI Grant       |
|                   | \$5,000    |      | Recurring                 | Drug Court            |
|                   | \$15,000   |      | Recurring                 | Health Care Authority |

|  |  |      |           |                        |
|--|--|------|-----------|------------------------|
|  |  | (\$) | Recurring | General                |
|  |  | \$   | Recurring | State Road             |
|  |  | \$   | Recurring | Transportation Project |

(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:

- Relates to HB179 (Joanne J. Ferrary and D. Wonda Johnson 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 SB147 (Antoinette Sedillo Lopez and Bill Tallman and Shannon D. Pinto)

Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

HB217 increases the distribution of liquor excise tax revenues to treatment courts from 5% to 10%, and to the LDWI grant fund from 45% to 60%. It removes the current \$20,750 monthly distribution to the City of Farmington and assigns 30% of the liquor excise tax to the health care authority to use for Medicaid matching and other purposes. These three distributions account for 100% of the liquor excise tax revenue.

Unlike several other such bills, there are no changes to the liquor tax rates or approach to collecting taxes.

HB217 also redistributes the distribution of the motor vehicle expense fund, removing the current 59% going to the GF and creating a 50/50 split between the state road fund and the transportation project fund.

The effective date of the legislation is July 1, 2024.

**FISCAL IMPLICATIONS**

HB217 assigns 100% of the liquor excise tax to three entities (drug courts, local DWI grant fund, and the health care authority). The general fund is currently receiving 50% of the liquor excise tax revenue, so HB217 would result in a general fund reduction of approximately \$25

million dollars. This approximation is calculated based on the last three years of liquor excise tax revenue distributed to the drug court fund at 5% and extrapolated to 100%.

HB217 redistributes the revenues of the motor vehicle expense fund, removing the current 59% going to the GF and creating a 50/50 split between the state road fund and the transportation project fund. This reviewer did not have access to the amount the motor vehicle expense fund generates to complete a calculation.

## **SIGNIFICANT ISSUES**

HB217 would increase the liquor excise tax revenue distribution to treatment courts from 5% to 10% and result in an immediate additional \$2.5 million, bringing their revenue to approximately \$5 million annually. Increasing the amount of the distribution to treatment courts would alleviate a fund deficit projected for FY26; however, it should be noted that an immediate half-million dollar increase would result in an increase in the fund balance pending program expansion and expenditure increases. This could give the false impression that treatment courts are over funded and could result in fund depletions (sweeps) that could end up harming the eventual expansion of programs and services.

HB217 increases the percentage of revenue allocated to the LDWI grant fund and could enhance programming for many of the justice-involved individuals in the local jurisdictions. When more services are available for substance use disorder screening, treatment, and support are available, it assists the courts in reducing recidivism and increasing public safety.

## **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**