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HOUSE BILL  
**57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

INTRODUCED BY

DISCUSSION DRAFT  
FOR THE INDIAN AFFAIRS COMMITTEE AND  
THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

AN ACT

RELATING TO TAXATION; INCREASING AND INDEXING LIQUOR EXCISE TAX  
RATES ON ALCOHOLIC BEVERAGES FOR CERTAIN MANUFACTURERS AND  
PRODUCERS; IMPOSING A LIQUOR EXCISE SURTAX ON RETAILERS;  
CHANGING CURRENT DISTRIBUTIONS OF THE LIQUOR EXCISE TAX FROM  
PERCENTAGES TO DOLLAR AMOUNTS AND INDEXING THE AMOUNTS FOR  
INFLATION; DISTRIBUTING THE REMAINDER OF THE REVENUE FROM THE  
LIQUOR EXCISE TAX AND ALL OF THE REVENUE FROM THE NEW LIQUOR  
EXCISE SURTAX TO A NEW ALCOHOL HARMS ALLEVIATION FUND; CREATING  
THE ALCOHOL HARMS ALLEVIATION FUND.

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

**SECTION 1.** Section 7-1-6.40 NMSA 1978 (being Laws 1997,  
Chapter 182, Section 1, as amended) is amended to read:

"7-1-6.40. DISTRIBUTION OF LIQUOR EXCISE TAX--LOCAL DWI  
GRANT FUND--CERTAIN MUNICIPALITIES--DRUG COURT FUND--ALCOHOL

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1 HARMS ALLEVIATION FUND--DISTRIBUTION OF THE LIQUOR EXCISE  
2 SURTAX TO THE ALCOHOL HARMS ALLEVIATION FUND.--

3 A. A distribution pursuant to Section 7-1-6.1 NMSA  
4 1978 [~~in an amount equal to forty-five percent~~] of the net  
5 receipts attributable to the liquor excise tax shall be made as  
6 follows:

7 (1) prior to July 1, 2031:

8 (a) to the local DWI grant fund, in an  
9 amount equal to two million five hundred thousand dollars  
10 (\$2,500,000) monthly;

11 [~~B. A distribution pursuant to Section~~  
12 ~~7-1-6.1 NMSA 1978 of twenty thousand seven hundred fifty~~  
13 ~~dollars (\$20,750) monthly from the net receipts attributable to~~  
14 ~~the liquor excise tax shall be made] (b) to a municipality  
15 that is located in a class A county and that has a population  
16 according to the most recent federal decennial census of more  
17 than thirty thousand but less than sixty thousand and shall be  
18 used by the municipality only for the provision of alcohol  
19 treatment and rehabilitation services for street inebriates, in  
20 an amount equal to twenty-five thousand dollars (\$25,000)  
21 monthly; and~~

22 [~~G. Beginning July 1, 2019, a~~  
23 ~~distribution pursuant to Section 7-1-6.1 NMSA 1978 in an amount~~  
24 ~~equal to five percent of the net receipts attributable to the~~  
25 ~~liquor excise tax shall be made] (c) to the drug court fund,~~

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1 in an amount equal to three hundred thousand dollars (\$300,000)  
2 monthly; and

3 (2) on and after July 1, 2031, in amounts  
4 calculated pursuant to Subsection B of this section.

5 B. No later than April 30, 2028 and April 30 of  
6 each third year thereafter, the department shall calculate the  
7 amounts to be distributed pursuant to Paragraph (1) of  
8 Subsection A of this section as of July 1 of that year. The  
9 distribution amounts shall be equal to the product, rounded to  
10 the nearest whole cent, of the distributions provided in  
11 Paragraph (1) of Subsection A of this section, multiplied by a  
12 fraction with a numerator equal to the consumer price index for  
13 the previous calendar year and a denominator equal to the  
14 consumer price index for the calendar year 2025; provided that  
15 the amount of distribution shall not be less than the  
16 distribution made on July 1 of the previous year.

17 C. After the distributions are made pursuant to  
18 Subsection A of this section, a distribution pursuant to  
19 Section 7-1-6.1 NMSA 1978 shall be made to the alcohol harms  
20 alleviation fund in an amount equal to the remainder of the net  
21 receipts attributable to the liquor excise tax.

22 D. A distribution pursuant to Section 7-1-6.1 NMSA  
23 1978 shall be made to the alcohol harms alleviation fund in an  
24 amount equal to the net receipts attributable to the liquor  
25 excise surtax.

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1                    E. As used in this section, "consumer price index"  
2 means the consumer price index for all urban consumers  
3 published by the United States department of labor."

4                    SECTION 2. Section 7-17-2 NMSA 1978 (being Laws 1966,  
5 Chapter 49, Section 2, as amended) is amended to read:

6                    "7-17-2. DEFINITIONS.--As used in the Liquor Excise Tax  
7 Act:

8                    A. "alcoholic beverages" means distilled or  
9 rectified spirits, potable alcohol, brandy, whiskey, rum, gin,  
10 aromatic bitters or any similar beverage, including blended or  
11 fermented beverages, dilutions or mixtures of one or more of  
12 the foregoing containing more than one-half of one percent  
13 alcohol by volume, but "alcoholic beverages" does not include  
14 medicinal bitters;

15                    B. "barrel" means the equivalent of thirty-one  
16 gallons;

17                    [~~B-~~] C. "beer" means an alcoholic beverage obtained  
18 by the fermentation of any infusion or decoction of barley,  
19 malt and hops or other cereals in water and includes porter,  
20 beer, ale and stout;

21                    [~~C-~~] D. "cider" means an alcoholic beverage made  
22 from the normal alcoholic fermentation of the juice of sound,  
23 ripe apples or pears that contains not less than one-half of  
24 one percent of alcohol by volume and not more than eight and  
25 one-half percent of alcohol by volume;

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1           E. "consumer price index" means the consumer price  
2 index for all urban consumers published by the United States  
3 department of labor;

4           F. "craft distiller" means a craft distiller  
5 licensed pursuant to Section 60-6A-6.1 NMSA 1978;

6           ~~[D-]~~ G. "department" means the taxation and revenue  
7 department, the secretary of taxation and revenue or any  
8 employee of the department exercising authority lawfully  
9 delegated to that employee by the secretary;

10           ~~[E-]~~ H. "fortified wine" means wine containing more  
11 than fourteen percent alcohol by volume when bottled or  
12 packaged by the manufacturer, but "fortified wine" does not  
13 include:

14                   (1) wine that is sealed or capped by cork  
15 closure and aged two years or more;

16                   (2) wine that contains more than fourteen  
17 percent alcohol by volume solely as a result of the natural  
18 fermentation process and that has not been produced with the  
19 addition of wine spirits, brandy or alcohol; or

20                   (3) vermouth and sherry;

21           ~~[F-]~~ I. "microbrewer" means a person who produces  
22 less than two hundred thousand barrels of beer per year;

23           ~~[G-]~~ J. "person" includes, to the extent permitted  
24 by law, a federal, state or other governmental unit or  
25 subdivision or an agency, department, institution or

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1 instrumentality thereof;

2 [H.] K. "small winegrower" means a winegrower who  
3 produces less than one million five hundred thousand liters of  
4 wine in a year;

5 [I.] L. "spirituous liquors" means alcoholic  
6 beverages, except fermented beverages such as wine, beer, cider  
7 and ale;

8 [J.] M. "wholesaler" means a person holding a  
9 license issued under Section 60-6A-1 NMSA 1978 or a person  
10 selling alcoholic beverages that were not purchased from a  
11 person holding a license issued under Section 60-6A-1 NMSA  
12 1978;

13 [K.] N. "wine" means an alcoholic beverage other  
14 than cider that is obtained by the fermentation of the natural  
15 sugar contained in fruit or other agricultural products, with  
16 or without the addition of sugar or other products, and that  
17 does not contain more than twenty-one percent alcohol by  
18 volume; and

19 [L.] O. "winegrower" means a person licensed  
20 pursuant to Section 60-6A-11 NMSA 1978."

21 **SECTION 3.** Section 7-17-5 NMSA 1978 (being Laws 1993,  
22 Chapter 65, Section 8, as amended) is amended to read:

23 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

24 A. There is imposed on a wholesaler who sells  
25 alcoholic beverages on which the tax imposed by this section

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1 has not been paid an excise tax, to be referred to as the  
2 "liquor excise tax", at the [following] rates provided in  
3 Subsections B through F of this section on alcoholic beverages  
4 sold.

5 ~~[(1) on spirituous liquors, except as provided~~  
6 ~~in Paragraph (9) of this subsection, one dollar sixty cents~~  
7 ~~(\$1.60) per liter;~~

8 ~~(2) on beer, except as provided in Paragraph~~  
9 ~~(5) of this subsection, forty-one cents (\$.41) per gallon;~~

10 ~~(3) on wine, except as provided in Paragraphs~~  
11 ~~(4) and (6) of this subsection, forty-five cents (\$.45) per~~  
12 ~~liter;~~

13 ~~(4) on fortified wine, one dollar fifty cents~~  
14 ~~(\$1.50) per liter;~~

15 ~~(5) on beer manufactured or produced by a~~  
16 ~~microbrewer and sold in this state, provided that proof is~~  
17 ~~furnished to the department that the beer was manufactured or~~  
18 ~~produced by a microbrewer, eight cents (\$.08) per gallon on the~~  
19 ~~first thirty thousand barrels sold, twenty-eight cents (\$.28)~~  
20 ~~per gallon for all barrels sold over thirty thousand barrels~~  
21 ~~but less than sixty thousand barrels and forty-one cents (\$.41)~~  
22 ~~per gallon for sixty thousand or more barrels sold;~~

23 ~~(6) on wine manufactured or produced by a~~  
24 ~~small winegrower and sold in this state, provided that proof is~~  
25 ~~furnished to the department that the wine was manufactured or~~

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1 ~~produced by a small winegrower:~~

2 ~~(a) ten cents (\$.10) per liter on the~~  
3 ~~first eighty thousand liters sold;~~

4 ~~(b) twenty cents (\$.20) per liter on~~  
5 ~~each liter sold over eighty thousand liters but not over nine~~  
6 ~~hundred fifty thousand liters; and~~

7 ~~(c) thirty cents (\$.30) per liter on~~  
8 ~~each liter sold over nine hundred fifty thousand liters but not~~  
9 ~~over one million five hundred thousand liters;~~

10 ~~(7) on cider, except as provided in Paragraph~~  
11 ~~(8) of this subsection, forty-one cents (\$.41) per gallon;~~

12 ~~(8) on cider manufactured or produced by a~~  
13 ~~small winegrower and sold in this state, provided that proof is~~  
14 ~~furnished to the department that the cider was manufactured or~~  
15 ~~produced by a small winegrower, eight cents (\$.08) per gallon~~  
16 ~~on the first thirty thousand barrels sold, twenty-eight cents~~  
17 ~~(\$.28) per gallon for all barrels sold over thirty thousand~~  
18 ~~barrels but less than sixty thousand barrels and forty-one~~  
19 ~~cents (\$.41) per gallon for sixty thousand or more barrels~~  
20 ~~sold; and~~

21 ~~(9) on spirituous liquors manufactured or~~  
22 ~~produced by a craft distiller licensed pursuant to Section~~  
23 ~~60-6A-6.1 NMSA 1978, provided that proof is provided to the~~  
24 ~~department that the spirituous liquors were manufactured or~~  
25 ~~produced by a craft distiller, for products up to ten percent~~

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1 ~~alcohol by volume, eight cents (\$.08) per liter for the first~~  
2 ~~two hundred fifty thousand liters sold and twenty-eight cents~~  
3  ~~(\$.28) per liter for the next two hundred fifty thousand liters~~  
4  ~~sold and for products over ten percent alcohol by volume,~~  
5  ~~thirty-two cents (\$.32) per liter on the first one hundred~~  
6  ~~seventy-five thousand liters sold and sixty-five cents (\$.65)~~  
7  ~~per liter on the next two hundred thousand liters sold.]~~

8 B. Prior to July 1, 2031, the liquor excise tax  
9 imposed on spirituous liquors is as follows:

10 (1) if manufactured or produced by a craft  
11 distiller; provided that proof is provided to the department  
12 that the spirituous liquors were manufactured or produced by a  
13 craft distiller:

14 (a) for products up to ten percent  
15 alcohol by volume: 1) eight cents (\$.08) per liter for the  
16 first two hundred fifty thousand liters sold; 2) twenty-eight  
17 cents (\$.28) per liter for the next two hundred fifty thousand  
18 liters sold; and 3) three dollars thirty-eight cents (\$3.38)  
19 for each liter sold thereafter; and

20 (b) for products over ten percent  
21 alcohol by volume: 1) thirty-two cents (\$.32) per liter on the  
22 first one hundred seventy-five thousand liters sold; 2) sixty-  
23 five cents (\$.65) per liter on the next two hundred thousand  
24 liters sold; and 3) three dollars thirty-eight cents (\$3.38)  
25 for each liter sold thereafter; and

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1                   (2) for all other spirituous liquors, three  
2 dollars thirty-eight cents (\$3.38) per liter sold.

3                   C. Prior to July 1, 2031, the liquor excise tax  
4 imposed on beer and cider is as follows:

5                   (1) if manufactured or produced by a  
6 microbrewer or small winegrower and sold in this state;  
7 provided that proof is furnished to the department that the  
8 beer or cider was manufactured or produced by a microbrewer or  
9 small winegrower:

10                   (a) eight cents (\$.08) per gallon on the  
11 first thirty thousand barrels sold;

12                   (b) twenty-eight cents (\$.28) per gallon  
13 for all barrels sold over thirty thousand barrels but less than  
14 sixty thousand barrels; and

15                   (c) eighty-seven cents (\$.87) per gallon  
16 for sixty thousand or more barrels sold; and

17                   (2) for all other beer and cider, eighty-seven  
18 cents (\$.87) per gallon sold.

19                   D. Prior to July 1, 2031, the liquor excise tax  
20 imposed on wine is as follows:

21                   (1) if manufactured or produced by a small  
22 winegrower and sold in this state; provided that proof is  
23 furnished to the department that the wine was manufactured or  
24 produced by a small winegrower:

25                   (a) ten cents (\$.10) per liter on the

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1 first eighty thousand liters sold;

2 (b) twenty cents (\$.20) per liter on  
3 each liter sold over eighty thousand liters but not over nine  
4 hundred fifty thousand liters; and

5 (c) thirty cents (\$.30) per liter on  
6 each liter sold over nine hundred fifty thousand liters but not  
7 over one million five hundred thousand liters; and

8 (2) for all other wine, ninety-five cents  
9  (\$.95) per liter sold.

10 E. Prior to July 1, 2031, the liquor excise tax  
11 imposed on fortified wine is three dollars seventeen cents  
12  (\$.3.17) per liter sold.

13 F. No later than April 30, 2028 and April 30 of  
14 each third year thereafter, the department shall calculate the  
15 rates of the liquor excise tax to be imposed as of July 1 of  
16 that year. The rates of the liquor excise tax shall be equal  
17 to the product, rounded down to the nearest whole cent, of the  
18 rates provided in Subsections B through E of this section,  
19 multiplied by a fraction with a numerator equal to the consumer  
20 price index for the previous calendar year and a denominator  
21 equal to the consumer price index for the calendar year 2025;  
22 provided that the rate of the tax shall not be less than the  
23 rate imposed on July 1 of the previous year.

24 ~~[B-]~~ G. The volume of wine transferred from one  
25 winegrower to another winegrower for processing, bottling or

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1 storage and subsequent return to the transferor shall be  
2 excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable  
3 volume of wine of the transferee. Wine transferred from an  
4 initial winegrower to a second winegrower remains a tax  
5 liability of the transferor, provided that if the wine is  
6 transferred to the transferee for the transferee's use or for  
7 resale, the transferee then assumes the liability for the tax  
8 due pursuant to this section.

9 [G.] H. A transfer of wine from a winegrower to a  
10 wholesaler for distribution of the wine transfers the liability  
11 for payment of the liquor excise tax to the wholesaler upon the  
12 sale of the wine by the wholesaler."

13 SECTION 4. A new section of the Liquor Excise Tax Act,  
14 Section 7-17-5.2 NMSA 1978, is enacted to read:

15 "7-17-5.2. [NEW MATERIAL] IMPOSITION AND RATE OF LIQUOR  
16 EXCISE SURTAX.--

17 A. In addition to the liquor excise tax, there is  
18 imposed on a retailer who sells alcoholic beverages on which  
19 the surtax imposed by this section has not been paid an excise  
20 surtax, to be referred to as the "liquor excise surtax", at the  
21 rate of twelve percent on alcoholic beverages sold.

22 B. As used in this section, "retailer" means a  
23 person having a place of business in New Mexico who sells,  
24 offers for sale or possesses for the purpose of selling  
25 alcoholic beverages in New Mexico."

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1           SECTION 5. Section 7-17-6 NMSA 1978 (being Laws 1984,  
2 Chapter 85, Section 4, as amended) is amended to read:

3           "7-17-6. DEDUCTION--INTERSTATE SALES--WINEGROWER-TO-  
4 WINEGROWER TRANSFERS.--

5           A. A wholesaler may deduct the liters of spirituous  
6 liquors, gallons of beer and liters of wine sold and shipped to  
7 a person in another state from the units of alcoholic beverages  
8 subject to the [~~tax~~] taxes imposed by the Liquor Excise Tax  
9 Act; provided that the department may require the wholesaler to  
10 submit evidence satisfactory to the department that the units  
11 have been sold and shipped to a person in another state.

12           B. A winegrower may deduct the liters of wine  
13 transferred to the winegrower from another winegrower for  
14 processing, bottling or storage and subsequent return to the  
15 transferor from the units of wine subject to the [~~liquor excise~~  
16 ~~tax~~] taxes imposed by the Liquor Excise Tax Act on the licensed  
17 premises of the winegrower."

18           SECTION 6. Section 7-17-9 NMSA 1978 (being Laws 1966,  
19 Chapter 49, Section 7, as amended) is amended to read:

20           "7-17-9. EXEMPTION--CERTAIN SALES TO OR BY  
21 INSTRUMENTALITIES OF ARMED FORCES.--Exempted from the [~~tax~~  
22 ~~imposed by Section 7-17-5 NMSA 1978~~] taxes imposed by the  
23 Liquor Excise Tax Act are alcoholic beverages sold to or by any  
24 instrumentality of the armed forces of the United States  
25 engaged in resale activities."

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1           SECTION 7. Section 7-17-10 NMSA 1978 (being Laws 1966,  
2 Chapter 49, Section 8, as amended) is amended to read:

3           "7-17-10. DATE PAYMENT DUE.--The [~~tax~~] taxes imposed by  
4 the Liquor Excise Tax Act [~~is~~] are to be paid on or before the  
5 twenty-fifth day of the month following the month in which the  
6 taxable event occurs."

7           SECTION 8. Section 7-17-11 NMSA 1978 (being Laws 1969,  
8 Chapter 80, Section 1, as amended) is amended to read:

9           "7-17-11. REFUND OR CREDIT OF [~~TAX~~] TAXES.--The  
10 department shall allow a claim for refund or credit as provided  
11 in Sections 7-1-26 and 7-1-29 NMSA 1978 for the [~~tax imposed by~~  
12 ~~Section 7-17-5 NMSA 1978~~] taxes imposed by the Liquor Excise  
13 Tax Act and paid on alcoholic beverages destroyed in shipment,  
14 spoiled or otherwise damaged as to be unfit for sale or  
15 consumption upon submission of proof satisfactory to the  
16 department of such destruction, spoilage or damage."

17           SECTION 9. Section 7-17-12 NMSA 1978 (being Laws 1984,  
18 Chapter 85, Section 8, as amended) is amended to read:

19           "7-17-12. INTERPRETATION OF ACT--ADMINISTRATION AND  
20 ENFORCEMENT OF [~~TAX~~] TAXES.--

21           A. The department shall interpret the provisions of  
22 the Liquor Excise Tax Act.

23           B. The department shall administer and enforce the  
24 collection of the [~~liquor excise tax~~] taxes imposed by the  
25 Liquor Excise Tax Act, and the Tax Administration Act applies

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1 to the administration and enforcement of the [~~tax~~] taxes."

2 SECTION 10. [NEW MATERIAL] ALCOHOL HARMS ALLEVIATION  
3 FUND.--

4 A. The "alcohol harms alleviation fund" is created  
5 as a nonreverting fund in the state treasury. The fund  
6 consists of appropriations, distributions, gifts, grants,  
7 donations and bequests made to the fund and income from  
8 investment of the fund. The department of finance and  
9 administration shall administer the fund. Money in the fund is  
10 subject to appropriation by the legislature for alcohol harms  
11 prevention, treatment and recovery services to individuals  
12 throughout New Mexico, including individuals harmed by a person  
13 in need of those services; provided that twenty-five percent of  
14 money appropriated from the fund in any year shall be for  
15 Indian nations, tribes and pueblos to implement alcohol harms  
16 prevention programs and treatment, including culturally  
17 relevant practices. When appropriating the funds, the  
18 legislature shall prioritize community-based initiatives that  
19 address the needs of populations and communities that are  
20 disproportionately impacted by excessive alcohol use and are  
21 working to reduce health disparities.

22 B. Money in the fund shall be expended by warrant  
23 of the secretary of finance and administration pursuant to  
24 vouchers signed by the secretary or the secretary's authorized  
25 representative.

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1           SECTION 11. Section 60-6A-11.1 NMSA 1978 (being Laws  
2 2011, Chapter 109, Section 1) is amended to read:

3           "60-6A-11.1. DIRECT WINE SHIPMENT PERMIT--AUTHORIZATION--  
4 RESTRICTIONS.--

5           A. A licensee with a winegrower's license or a  
6 person licensed in a state other than New Mexico that holds a  
7 winery license may apply to the director for and the director  
8 may issue to the applicant a direct wine shipment permit. An  
9 application for a direct wine shipment permit shall include:

10                       (1) contact information for the applicant in a  
11 form required by the department;

12                       (2) an annual application fee of fifty dollars  
13 (\$50.00) if the applicant does not hold a winegrower's license;

14                       (3) the number of the applicant's winegrower's  
15 license if the applicant is located in New Mexico or a copy of  
16 the applicant's winery license if the applicant is located in a  
17 state other than New Mexico; and

18                       (4) any other information or documents  
19 required by the director. Upon approval of an applicant for a  
20 permit, the director shall forward to the taxation and revenue  
21 department the name of each permittee and the contact  
22 information for the permittee.

23           B. A direct wine shipment permit shall be valid for  
24 a permit year. A permittee shall renew a direct wine shipment  
25 permit annually as required by the department to continue

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1 making direct shipments of wine to New Mexico residents.

2 C. A permittee may ship:

3 (1) not more than two nine-liter cases of wine  
4 monthly to a New Mexico resident who is twenty-one years of age  
5 or older for the recipient's personal consumption or use, but  
6 not for resale; and

7 (2) wine directly to a New Mexico resident  
8 only in containers that are conspicuously labeled with the  
9 words:

10 "CONTAINS ALCOHOL  
11 SIGNATURE OF PERSON 21 YEARS OR OLDER REQUIRED  
12 FOR DELIVERY".

13 D. A permittee shall:

14 (1) register with the taxation and revenue  
15 department for the payment of the liquor excise tax, liquor  
16 excise surtax and gross receipts taxes due on the sales of wine  
17 pursuant to the permittee's activities in New Mexico;

18 (2) submit to the jurisdiction of New Mexico  
19 courts to resolve legal actions that arise from the shipping by  
20 the permittee of wine into New Mexico to New Mexico residents;

21 (3) monthly, by the twenty-fifth day of each  
22 month following the month in which the permittee was issued a  
23 direct wine shipment permit, pay to the taxation and revenue  
24 department the liquor excise tax, [~~due~~] liquor excise surtax  
25 and [~~the~~] gross receipts tax due; and

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1 (4) submit to an audit by an agent of the  
2 taxation and revenue department of the permittee's records of  
3 the wine shipped pursuant to this section to New Mexico  
4 residents upon notice and during usual business hours.

5 E. As used in this section:

6 (1) "permit year" means the period between  
7 July 1 and June 30 of a year; and

8 (2) "permittee" means a person that is the  
9 holder of a direct wine shipment permit."

10 SECTION 12. EFFECTIVE DATE.--The effective date of the  
11 provisions of this act is July 1, 2026.