

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

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

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{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 January 25, 2024
Bill No: HB 212

Sponsor: Micaela Lara Cadena, Derrick J. Lenter, Cristina Parajon
Short Title: Liquor Tax Rate & Fund

Agency Name and Code Number: Regulation and Licensing Department - 420
Person Writing: Felicia A. Norvell
Phone: 505-670-8991 **Email:** Felicia.norvell@rld.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
NA	NA		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
NA	NA	NA		

(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	NFI	NFI	NFI	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Relates to and conflicts with: HB 179, SB 147, HB 213, HB 217

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

- HB 212 revises the distributions of the Liquor Excise Tax pursuant to Section 7-1-6.40 NMSA 1978 to:
 - eliminate distributions to the local DWI grant fund for certain municipalities; and
 - creates the alcohol and substance use harms alleviation fund, which will receive distributions of:
 - an amount equal to the net receipts attributable to the liquor excise tax, less two million eighty-four thousand dollars monthly, and
 - two hundred fifty thousand dollars monthly from the net receipts attributable to the liquor excise tax.
- The bill removes “fortified wine” as a specific type of alcoholic beverage.
- The bill significantly revises the imposition and rate of liquor excise tax on the price paid for alcoholic beverages sold by wholesalers.
 - The excise tax to be imposed on spiritous liquors manufactured or produced by a craft distillers varies depending on the percent of alcohol:
 - Up to ten percent alcohol by volume: Six-tenths percent for the first 250,000 liters sold; two and one-tenth for the next 250,000 liters sold, and twelve percent per liter sold thereafter;
 - Over ten percent alcohol by volume: two and four-tenths percent for the first 250,000 liters sold; four and eight-tenths for the next 250,000 liters sold, and twelve percent per liter sold thereafter; and
 - For all other spiritous liquors, the tax is twelve percent, presumably “per liter” although that is not specified.
 - The excise tax to be imposed on wine, provided the wine is manufactured or produced by a small winegrower (and proof of this is provided) and sold in this state:
 - Two percent for the first 80,000 liters sold;
 - Four percent for each liter sold over 80,000 liters but not over 950,000 liters;
 - Six percent for each liter sold over 950,000 liters but not over 1,500,000 liters; and
 - For all other wine, nine percent, presumably “per liter” although that is not specified.
 - The excise tax to be imposed on beer and cider manufactured or produced by a

microbrewer or small winegrower (and proof of this is provided) and sold in this state will be set at:

- One and two-tenths percent for the first 30,000 barrels sold;
- Five percent for all barrels sold over 30,000 liters but less than 60,000 barrels;
- Six percent for 60,000 or more barrels sold; and
- For all other beer and cider, six percent, presumably “per barrel” although that is not specified.

HB 212 creates the alcohol and substance use harm alleviation fund as a nonreverting fund in the state treasury. The fund consists of appropriations, distributions, gifts, grants, donations and bequests made to the fund and income from investment of the fund. The fund shall be administered by the department of finance and the legislature can appropriate fund for alcohol and substance abuse harms prevention, treatment and recovery services to individual throughout New Mexico.

Any unexpended and unencumbered balance in the local DWI grant fund shall be transferred to the alcohol and substance use harm alleviation fund.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

- No fiscal impact is anticipated for the Regulation and Licensing Department (RLD)

SIGNIFICANT ISSUES

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

- The liquor excise tax payable for spiritous liquors, beer and cider, and wine “for all other” sales, sets out the percent of the tax, but not the volume that percent applies to.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

- Related to SB 179, SB 147, HB 213, HB 217

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

- Liquor Excise Tax rates and distribution of proceeds will remain as is.

AMENDMENTS