

<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:**

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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** February 6, 2024

**Bill No:** HB 213

**Sponsor:** Micaela Lara Cadena, Derrick J. Lenter, Cristina Parajon, Joshua N. Hernandez

**Agency Name and Code Number:** Regulation and Licensing Department - 420

**Short Title:** Liquor Taxes & Definitions

**Person Writing** Felicia A. Norvell

**Title:** \_\_\_\_\_

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**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)**

	<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>	NFI	NFI	NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to and conflicts with: HB 179, SB 147, HB 212, HB 217

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis – As amended by House Health and Human Services Committee (HHHSC):

HB 213, as amended by the HHHSC revises the distributions pursuant to Section 7-1-6.40 NMSA 1978 to

- eliminate distributions to the local DWI grant fund for certain municipalities.
- create the alcohol and substance use harms alleviation fund, which will, as amended, receive distributions of an amount equal to the net receipts attributable to the liquor excise tax, less the two hundred fifty thousand dollars (\$250,000) distributed monthly to the drug court fund.
- The liquor excise tax is excluded from “gross receipts”.
- The liquor excise tax definitions are revised:
  - Barrel is defined as the equivalent of thirty-one gallon.
  - “Fortified wine” is deleted [fortified wines are removed a specific type of alcoholic beverage].
  - “Wholesaler is deleted.
  - “Retailer” is added and “means a person having a place of business in New Mexico who sells, offers for sale or possesses for the purpose of selling alcoholic beverages in New Mexico”.
- HB 213 substitutes “retailer” in for “wholesaler” in 7-17-5 for the imposition and rate of liquor excise tax at rates based on the price paid for alcoholic beverages sold by the retailer.
  - Four percent on each serving of spiritous liquors.
  - Three percent on each serving of wine.
  - two percent on each serving of beer or cider.
- The liquor excise tax will not be imposed on alcoholic beverages sold by a retailer if:
  - The retailer is a microbrewer, small winegrower, or craft distiller.
  - The alcoholic beverage is manufactured or produced by the retailer; and
  - The alcoholic beverage is sold on the retailer's premises.

HB 213, as amended, creates the alcohol and substance use harm alleviation fund, 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 as amended, may be expended only as provided:

- Fifty percent of the money in the fund is subject to appropriation by the legislature to support, and match federal funds for:
  - The state Medicaid program for the purpose of providing alcohol and substance use harms prevention;
  - Treatment and recovery services to individuals throughout the state, including on lands of Indian nations, tribes and pueblos, provided that, for fiscal year 2027, five hundred thousand dollars (\$500,000) is appropriated to the Indian affairs department for expenditure in fiscal years 2027 through 2032 to contract for services with an expert entity in equity-based research to study the effects of tax policy on alcohol and substance use across demographics in the state.
- Forty percent of money in the fund is appropriated to the local government division of the department of finance and administration to make annual distributions to counties based on the ten-year average of alcohol related injuries and deaths in each county.
  - The amount of each distribution will be determined as of the end of each fiscal year and be distributed on or before November 1 of each year.
  - Any unexpended or unencumbered balance to a county shall not revert to any fund.
- Ten percent of money in the fund is appropriated to the Indian affairs department to make annual distribution 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 the state.

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**

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

- Related to SB 179, SB 147, HB 212, HB 217

## **TECHNICAL ISSUES**

- The definition of “retailer” does not include “a person licensed under the provisions of the Liquor Control Act 60-6A-1 NMSA 1978.”

## **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**