

<b>LFC Requester:</b>	<b>Brendon Gray</b>
-----------------------	---------------------

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:**

[LFC@NMLEGIS.GOV](mailto:LFC@NMLEGIS.GOV)

*and*

[DFA@STATE.NM.US](mailto:DFA@STATE.NM.US)

*{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}*

**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** 1/24/24  
**Bill No:** HB217

**Sponsor:** Rep. Jason Harper  
**Short Title:** LIQUOR & CAR TAX DISTRIBUTIONS

**Agency Name and Code**    HCA-630  
**Number:** \_\_\_\_\_  
**Person Writing**    Alicia Salazar  
**Phone:** 505-795-3920    **Email** Alicia.salazar2@hsd.nm.gov

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
NA	NA	NA	NA

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
-	\$7,500.0	\$7,560.0	Recurring	GF
-	\$27,678.2	\$27,900.0	Recurring	Federal Medicaid Financial Participation

	<b>\$35,178.2</b>	<b>\$35,460.0</b>	<b>Recurring</b>	<b>TOTAL</b>
--	-------------------	-------------------	------------------	--------------

(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: Related to HB 179, HB 213, and HB 212  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

House Bill 217 (HB 217) increases distributions from the Liquor Excise Tax to the Local DWI Grant Fund and the Drug Court Fund and eliminates distributions to the City of Gallup while adding a distribution to the Health Care Authority (HCA). Also increases distributions from the Motor Vehicle Excise Tax to the State Road Fund and the Transportation Project Fund while eliminating distribution to the General Fund.

**FISCAL IMPLICATIONS**

HB 217 calls for “an amount equal to thirty percent of the net receipts attributable to the liquor excise tax to be made to the health care authority to match federal funds for the state Medicaid program and for no other purpose”. According to the December 2023 Consensus Revenue Estimate the projected liquor excise tax revenue for FY 2025 is \$25,000,000. Accordingly, thirty percent (30%) of this revenue estimate implies a distribution of \$7,500,000 to HCA. Given a composite FFP rate for FY 2025 of 78.68%, the distribution to HCA would support up to \$35,178,236 in Medicaid expenditures, with \$27,678,236 coming from the federal match. For FY 2026 the estimated liquor excise tax revenue is projected to be \$25,200,000. Accordingly, the 30% distribution to HCA provides \$7,560,060, and applying the same composite FFP would result in Medicaid expenditures of \$35,459,944 with \$27,899,884 coming from the federal match.

**SIGNIFICANT ISSUES**

The distribution from the liquor excise tax to HCA is to be used as the state share to draw federal funds for the state Medicaid program.

**PERFORMANCE IMPLICATIONS**

None.

**ADMINISTRATIVE IMPLICATIONS**

None

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

Related HB179 that increases liquor excise tax rates and amends existing distributions of liquor excise tax revenues and adds a distribution to the Alcohol Harms Alleviation Fund, established by the bill.

Related to HB213 that changes tax rates to a percentage of the price paid to the retailer. Changes revenue distributions and creates the Alcohol Substance Abuse Harms Alleviation Fund.

Related to HB212 that changes rates of the Liquor Excise Tax to a percentage basis; amends the distribution of the Liquor Excise Tax; creates the Alcohol and Substance Use Harms Alleviation Fund; and repeals the Local DWI Grant Program Act to the alcohol and substance use harms alleviation fund.

## **TECHNICAL ISSUES**

None

## **OTHER SUBSTANTIVE ISSUES**

None

## **ALTERNATIVES**

None

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

Status Quo

## **AMENDMENTS**

None