

LFC Requestor: Gray, Brendon

2024 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS

Section I: General

Chamber: House

Category: Bill

Number: 217

Type: Introduced

Date (of THIS analysis): 1/27/2024

Sponsor(s): Jason C. Harper and Dayan Hochman-Vigil

Short Title: Liquor & Car Tax Distributions

Reviewing Agency: Agency 665 - Department of Health

Person Writing Analysis: Arya Lamb

Phone Number: 505 - 470 - 4141

e-Mail: arya.lamb@doh.nm.gov

Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 24	FY 25		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 24	FY 25	FY 26		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 24	FY 25	FY 26	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: HB112, HB179, HB212, HB213, SB147

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: None

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

This bill seeks to change the distribution of the proceeds from the liquor excise tax. It seeks to distribute 60% of the proceeds to local DWI grant fund, 30% to health care authority to match federal funds for the state Medicaid program, and 10% of the liquor excise tax proceeds towards the drug court fund. The bill specifies that the funds distributed to the health care authority are to be used for the state Medicaid program and nothing else. This bill also seeks to split the vehicle suspense fund, with 50% of the fund being distributed to the state road fund, and 50% to the transportation project fund.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

- Since 1997, New Mexico has had the highest rate of alcohol-related death in the US (<https://www.nmhealth.org/data/view/substance/2682/>).
 - In 2022, the age-adjusted rate of alcohol-related death in NM was 93.8 deaths per 100,000 population. The rate of chronic alcohol death for 2022 was 52.8 deaths per 100,000 population.
 - Excessive alcohol use is incredibly costly to the state of NM. A 2010 CDC analysis calculated that excessive drinking costs NM over \$2 billion in 2010 (\$3 billion in 2023 dollars), and NM had the highest societal cost per drink at \$2.77 per drink (\$3.92 per drink in 2023) (<https://www.cdc.gov/alcohol/features/excessive-drinking.html>). Societal cost is calculated based on estimated losses in workplace productivity, alcohol-related healthcare expenses, criminal justice/law enforcement costs, and alcohol-related motor vehicle crashes.
 - In NM, the age-adjusted rate off fatal motor vehicle crashes attributed to alcohol was 8.5 deaths per 100,000 population in 2023. This rate is higher than the 2022 rate of alcohol-related fatal motor vehicle crashes in the state, which was 6.4 per 100,000 population.
- In fiscal year 2022, Medicaid screened and diagnosed with alcohol use disorder 42.8 people per 100,000 population.
 - An 2023 accountability report from the Legislative Finance Committee (LFC) found that by February 2023, the number of Medicaid patients in the state peaked at around 1 million patients (https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/

[Medicaid%20Accountability%20Report.pdf](#)). This is almost half the population of the state.

- Evidence-based alcohol use disorder treatment...
 - According to a 2017 New Mexico Legislative Finance report, 50% of the country's jail and prison inmates are clinically addicted to drugs or alcohol, and 60% of individuals arrested for most types of crime test positive for illegal drugs when arrested (https://nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Program%20Evaluation%20Update%20on%20New%20Mexico%20Drug%20Courts.pdf). Research shows that treatment is the most effective way to break the cycle of crime and incarceration for offenders with drug abuse and addiction issues, but less than 20% of inmates who need treatment receive it. An initial LFC analysis of adult drug court rearrest rates in FY16 found that participants who complete the program have a three-year rearrest rate (for any type of rearrest, not just felony rearrests) of 25%, compared to 50% for a comparison group with similar characteristics.

- While treatment for alcohol use disorder is important, there is also good evidence that alcohol misuse prevention efforts are also effective for reducing alcohol-related harms. A 2021 meta-analysis revealed that alcohol prevention programs conducted among adolescents reduced the amount of alcohol consumed among participants (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8392207/>). Another study found that brief intervention in adolescence reduced the odds of reporting any alcohol-related harms and reduced the frequency of alcohol-related harms seven years after the intervention (<https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2798620#:~:text=Robust%20analyses%20showed%20that%20compared,the%207%2Dyear%20study%20period>).

 - Medical clinicians treat disease by focusing on one patient at a time. In contrast, public health brings together researchers, practitioners, educators, and other stakeholders to prevent disease and injury at the community or population level by: (1) identifying root causes; and (b) implementing large scale solutions. When you apply the public health framework to alcohol misuse prevention, this would mean focusing less on lowering the prevalence of clinical alcoholism and shifting the focus to an interaction of individual, interpersonal and social factors, and developing interventions to modify these factors (<https://publichealth.jhu.edu/about/what-is-public-health>).
 - Rather than sixty percent of the net receipts being distributed to local DWI programs, thirty percent should be distributed to Local DWI, and thirty percent should be distributed to the Office of Alcohol Misuse Prevention in the Department of Health to be used for community level prevention interventions which address individual, interpersonal and social factors.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?

Yes No

If yes, describe how.

- Is this proposal related to the NMDOH Strategic Plan? Yes No

Goal 1: We expand equitable access to services for all New Mexicans

Goal 2: We ensure safety in New Mexico healthcare environments

Goal 3: We improve health status for all New Mexicans

Goal 4: We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

The New Mexico State Health Improvement Plan (SHIP) FY24-26 seeks to promote effective substance use disorder treatment and decrease alcohol related death rates.

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
 Yes No N/A
- If there is an appropriation, is it included in the LFC Budget Request?
 Yes No N/A
- Does this bill have a fiscal impact on NMDOH? Yes No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

HB217 may conflict with HB112 and HB 179. HB112 provides a different distribution of the proceeds from the liquor excise tax (45% to the DWI fund, 5% to drug courts, 24% to class A counties for substance use treatment, 24% to the health care authority for grants for substance use prevention and treatment, and 0.5% to municipalities in a class A county for substance use prevention and treatment). HB217 also conflicts with HB179, which proposes a different distribution of the proceeds of the liquor excise tax (\$2,084,00 per month to local DWI fund, \$250,000 per month to the drug court fund, \$20,750 to municipalities located in class A counties, and \$250,000 to the drug court fund).

HB217 conflicts with HB212 because HB212 repeals the local DWI grant program while HB217 increases the distribution of liquor excise tax to that program.

HB217 conflicts with HB213 because HB213 also proposes to change the liquor excise tax structure based on the type of alcoholic beverage, percent of alcohol per volume, and total volume sold (in liters or gallons) of each alcoholic beverage type.

HB217 conflicts with SB147. SB147 proposes to change the liquor excise tax to a higher fixed rate. It also changes the distribution to the local DWI grant program from forty-five percent to two million eight-four thousand dollars.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

This bill should further specify how the funds allocated to the state Medicaid program should be used. Page 2, line 9-10 should state “match federal funds for the state Medicaid program’s alcohol treatment services and or no other purpose”.

This bill should be modified to distribute a portion of funding to the office of alcohol misuse prevention.

Page 2, lines 19-22 should state “A distribution pursuant to Section 7-1-6.1 NMSA 1978 in an amount equal to [forty-five] thirty percent of the net receipts attributable to the liquor excise tax shall be made to the local DWI grant fund.

Page 3, letter C should be added which states “A distribution in an amount equal to thirty percent of the net receipts attributable to the liquor excise tax shall be made to the Office of Alcohol Misuse Prevention within NMDOH.”

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

None

8. DISPARITIES ISSUES

- American Indian/Alaska Native populations bear the greatest burden of alcohol-related death in NM. In 2022, the age-adjusted rate of alcohol-related death for American Indians in NM is 283.37 deaths per 100,000 population. This is over three times the rate of alcohol-related death in the state overall for the same year.
- In 2022, McKinley County’s rate of alcohol-related death was 257.95 deaths per 100,000 population (age-adjusted).
- In 2022, Rio Arriba County’s rate of alcohol-related death 199.68 deaths per 100,000 population (age-adjusted).
- In 2022, Catron County’s rate of alcohol-related death was 179.73 deaths per 100,000 population (age-adjusted).
- Men have higher rates of alcohol death than women. In 2022 the age-adjusted rate of alcohol-related death in men was 135.30 deaths per 100,000 population, while women the rate was 54.2 deaths per 100,000 population (rates are age-adjusted).

9. HEALTH IMPACT(S)

- This bill will impact those who are enrolled with Medicaid, those who interact with the local DWI fund and the drug courts.
 - In NM, the age-adjusted rate of fatal motor vehicle crashes attributed to alcohol was 8.5 deaths per 100,000 population in 2023. This rate is higher than the 2022 rate of alcohol-related fatal motor vehicle crashes in the state, which was 6.4 per 100,000 population.

10. ALTERNATIVES

These changes cannot be implanted through any other mechanism.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB217 is not enacted, the liquor excise tax distribution will remain at 45% to the DWI fund, \$20,750 to class A counties for alcohol and substance use treatment and rehabilitation, and 5% to the drug court fund. Additionally, the motor vehicle excise tax distribution would stay the same at 59.39% to the general fund, 21.86% to the state road fund, and 18.75% to the transportation project fund. If HB217 is not enacted, then the DWI grant fund would not get 60% of the proceeds from the liquor excise tax, the health authority department would not get 30% of the proceeds from the liquor excise tax, and the drug court fund would not get 10% of the proceeds from the liquor excise tax.

12. AMENDMENTS

In order to address prevention of alcohol use disorder and reduce alcohol mortality, an amendment should be added to allocate a percentage of the taxes to the NMDOH Office of Alcohol Prevention. It should be amended to include on Page 3, letter C , stating: “A distribution in an amount equal to thirty percent of the net receipts attributable to the liquor excise tax shall be made to the Office of Alcohol Misuse Prevention within NMDOH.”