

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 179

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

AN ACT

RELATING TO TAXATION; INCREASING LIQUOR EXCISE TAX RATES ON
ALCOHOLIC BEVERAGES FOR CERTAIN MANUFACTURERS AND PRODUCERS;
CHANGING CURRENT DISTRIBUTIONS FROM A PERCENTAGE OF NET
RECEIPTS OF THE LIQUOR EXCISE TAX TO DOLLAR AMOUNTS;
DISTRIBUTING THE REMAINDER OF THE REVENUE FROM THE LIQUOR
EXCISE TAX 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
HARMS ALLEVIATION FUND.--

A. A distribution pursuant to Section 7-1-6.1 NMSA

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1 1978 in an amount equal to [~~forty-five percent of~~] two million
2 eighty-four thousand dollars (\$2,084,000) monthly from the net
3 receipts attributable to the liquor excise tax shall be made to
4 the local DWI grant fund.

5 B. A distribution pursuant to Section 7-1-6.1 NMSA
6 1978 of twenty thousand seven hundred fifty dollars (\$20,750)
7 monthly from the net receipts attributable to the liquor excise
8 tax shall be made to a municipality that is located in a class
9 A county and that has a population according to the most recent
10 federal decennial census of more than thirty thousand but less
11 than sixty thousand and shall be used by the municipality only
12 for the provision of alcohol treatment and rehabilitation
13 services for street inebriates.

14 C. [~~Beginning July 1, 2019~~] A distribution pursuant
15 to Section 7-1-6.1 NMSA 1978 in an amount equal to [~~five~~
16 ~~percent of~~] two hundred fifty thousand dollars (\$250,000)
17 monthly from the net receipts attributable to the liquor excise
18 tax shall be made to the drug court fund.

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

25 SECTION 2. Section 7-17-2 NMSA 1978 (being Laws 1966,

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1 Chapter 49, Section 2, as amended) is amended to read:

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

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

11 B. "barrel" means the equivalent of thirty-one
12 gallons;

13 [~~B.~~] C. "beer" means an alcoholic beverage obtained
14 by the fermentation of any infusion or decoction of barley,
15 malt and hops or other cereals in water and includes porter,
16 beer, ale and stout;

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

22 [~~D.~~] E. "department" means the taxation and revenue
23 department, the secretary of taxation and revenue or any
24 employee of the department exercising authority lawfully
25 delegated to that employee by the secretary;

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1 ~~[E.]~~ F. "fortified wine" means wine containing more
2 than fourteen percent alcohol by volume when bottled or
3 packaged by the manufacturer, but "fortified wine" does not
4 include:

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

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

11 (3) vermouth and sherry;

12 ~~[F.]~~ G. "microbrewer" means a person who produces
13 less than two hundred thousand barrels of beer per year;

14 ~~[G.]~~ H. "person" includes, to the extent permitted
15 by law, a federal, state or other governmental unit or
16 subdivision or an agency, department, institution or
17 instrumentality thereof;

18 ~~[H.]~~ I. "small winegrower" means a winegrower who
19 produces less than one million five hundred thousand liters of
20 wine in a year;

21 ~~[I.]~~ J. "spirituous liquors" means alcoholic
22 beverages, except fermented beverages such as wine, beer, cider
23 and ale;

24 ~~[J.]~~ K. "wholesaler" means a person holding a
25 license issued under Section 60-6A-1 NMSA 1978 or a person

1 selling alcoholic beverages that were not purchased from a
 2 person holding a license issued under Section 60-6A-1 NMSA
 3 1978;

4 ~~[K-]~~ L. "wine" means an alcoholic beverage other
 5 than cider that is obtained by the fermentation of the natural
 6 sugar contained in fruit or other agricultural products, with
 7 or without the addition of sugar or other products, and that
 8 does not contain more than twenty-one percent alcohol by
 9 volume; and

10 ~~[L-]~~ M. "winegrower" means a person licensed
 11 pursuant to Section 60-6A-11 NMSA 1978."

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

14 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

15 A. There is imposed on a wholesaler who sells
 16 alcoholic beverages on which the tax imposed by this section
 17 has not been paid an excise tax, to be referred to as the
 18 "liquor excise tax", at the ~~[following]~~ rates provided in
 19 Subsections B through E of this section on alcoholic beverages
 20 sold.

21 ~~[(1) on spirituous liquors, except as provided~~
 22 ~~in Paragraph (9) of this subsection, one dollar sixty cents~~
 23 ~~(\$1.60) per liter;~~

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

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1 gallon;

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

5 ~~(4) on fortified wine, one dollar fifty cents~~
6 ~~(\$1.50) per liter;~~

7 ~~(5) on beer manufactured or produced by a~~
8 ~~microbrewer and sold in this state, provided that proof is~~
9 ~~furnished to the department that the beer was manufactured or~~
10 ~~produced by a microbrewer, eight cents (\$.08) per gallon on the~~
11 ~~first thirty thousand barrels sold, twenty-eight cents (\$.28)~~
12 ~~per gallon for all barrels sold over thirty thousand barrels~~
13 ~~but less than sixty thousand barrels and forty-one cents (\$.41)~~
14 ~~per gallon for sixty thousand or more barrels sold;~~

15 ~~(6) on wine manufactured or produced by a~~
16 ~~small winegrower and sold in this state, provided that proof is~~
17 ~~furnished to the department that the wine was manufactured or~~
18 ~~produced by a small winegrower:~~

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

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

24 ~~(c) thirty cents (\$.30) per liter on~~
25 ~~each liter sold over nine hundred fifty thousand liters but not~~

1 ~~over one million five hundred thousand liters;~~

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

4 ~~(8) on cider manufactured or produced by a~~
 5 ~~small winegrower and sold in this state, provided that proof is~~
 6 ~~furnished to the department that the cider was manufactured or~~
 7 ~~produced by a small winegrower, eight cents (\$.08) per gallon~~
 8 ~~on the first thirty thousand barrels sold, twenty-eight cents~~
 9 ~~(\$.28) per gallon for all barrels sold over thirty thousand~~
 10 ~~barrels but less than sixty thousand barrels and forty-one~~
 11 ~~cents (\$.41) per gallon for sixty thousand or more barrels~~
 12 ~~sold; and~~

13 ~~(9) on spirituous liquors manufactured or~~
 14 ~~produced by a craft distiller licensed pursuant to Section~~
 15 ~~60-6A-6.1 NMSA 1978, provided that proof is provided to the~~
 16 ~~department that the spirituous liquors were manufactured or~~
 17 ~~produced by a craft distiller, for products up to ten percent~~
 18 ~~alcohol by volume, eight cents (\$.08) per liter for the first~~
 19 ~~two hundred fifty thousand liters sold and twenty-eight cents~~
 20 ~~(\$.28) per liter for the next two hundred fifty thousand liters~~
 21 ~~sold and for products over ten percent alcohol by volume,~~
 22 ~~thirty-two cents (\$.32) per liter on the first one hundred~~
 23 ~~seventy-five thousand liters sold and sixty-five cents (\$.65)~~
 24 ~~per liter on the next two hundred thousand liters sold.]~~

25 B. The liquor excise tax imposed on spirituous

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1 liquors is as follows:

2 (1) if manufactured or produced by a craft
3 distiller licensed pursuant to Section 60-6A-6.1 NMSA 1978;
4 provided that proof is provided to the department that the
5 spirituous liquors were manufactured or produced by a craft
6 distiller:

7 (a) for products up to ten percent
8 alcohol by volume: 1) eight cents (\$.08) per liter for the
9 first two hundred fifty thousand liters sold; 2) twenty-eight
10 cents (\$.28) per liter for the next two hundred fifty thousand
11 liters sold; and 3) four dollars thirty-one cents (\$4.31) for
12 each liter sold thereafter; and

13 (b) for products over ten percent
14 alcohol by volume: 1) thirty-two cents (\$.32) per liter on the
15 first one hundred seventy-five thousand liters sold; 2)
16 sixty-five cents (\$.65) per liter on the next two hundred
17 thousand liters sold; and 3) four dollars thirty-one cents
18 (\$4.31) for each liter sold thereafter; and

19 (2) for all other spirituous liquors, four
20 dollars thirty-one cents (\$4.31) per liter sold.

21 C. The liquor excise tax imposed on beer and cider
22 is as follows:

23 (1) if manufactured or produced by a
24 microbrewer or small winegrower and sold in this state;
25 provided that proof is furnished to the department that the

1 beer or cider was manufactured or produced by a microbrewer or
2 small winegrower:

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

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

8 (c) forty-one cents (\$.41) per gallon
9 for sixty thousand or more barrels sold but not over two
10 hundred thousand barrels; and

11 (2) for all other beer and cider, one dollar
12 sixty-nine cents (\$1.69) per gallon sold.

13 D. The liquor excise tax imposed on wine is as
14 follows:

15 (1) if manufactured or produced by a small
16 winegrower and sold in this state; provided that proof is
17 furnished to the department that the wine was manufactured or
18 produced by a small winegrower:

19 (a) ten cents (\$.10) per liter on the
20 first eighty thousand liters sold;

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

24 (c) thirty cents (\$.30) per liter on
25 each liter sold over nine hundred fifty thousand liters but not

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1 over one million five hundred thousand liters; and

2 (2) for all other wine, one dollar twenty-six
3 cents (\$1.26) per liter sold.

4 E. The liquor excise tax imposed on fortified wine
5 is two dollars sixty-six cents (\$2.66) per liter sold.

6 [~~B.~~] F. The volume of wine transferred from one
7 winegrower to another winegrower for processing, bottling or
8 storage and subsequent return to the transferor shall be
9 excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable
10 volume of wine of the transferee. Wine transferred from an
11 initial winegrower to a second winegrower remains a tax
12 liability of the transferor, provided that if the wine is
13 transferred to the transferee for the transferee's use or for
14 resale, the transferee then assumes the liability for the tax
15 due pursuant to this section.

16 [~~G.~~] G. A transfer of wine from a winegrower to a
17 wholesaler for distribution of the wine transfers the liability
18 for payment of the liquor excise tax to the wholesaler upon the
19 sale of the wine by the wholesaler."

20 **SECTION 4. [NEW MATERIAL] ALCOHOL HARMS ALLEVIATION**
21 **FUND.--**

22 A. The "alcohol harms alleviation fund" is created
23 as a nonreverting fund in the state treasury. The fund
24 consists of appropriations, distributions, gifts, grants,
25 donations and bequests made to the fund and income from

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1 investment of the fund. The department of finance and
2 administration shall administer the fund, and money in the fund
3 is subject to appropriation by the legislature for alcohol
4 harms prevention, treatment and recovery services to
5 individuals throughout New Mexico, including on lands of Indian
6 nations, tribes and pueblos, and to individuals harmed by a
7 person in need of those services. When appropriating the
8 funds, the legislature shall prioritize community-based
9 initiatives that address the needs of populations and
10 communities that are disproportionately impacted by excessive
11 alcohol use and are working to reduce health disparities.

12 B. Money in the fund shall be expended by warrant
13 of the secretary of finance and administration pursuant to
14 vouchers signed by the secretary or the secretary's authorized
15 representative.

16 SECTION 5. EFFECTIVE DATE.--The effective date of the
17 provisions of this act is January 1, 2025.

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