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HOUSE BILL

**56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

INTRODUCED BY

DISCUSSION DRAFT

FOR THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

AN ACT

RELATING TO TAXATION; INCREASING LIQUOR EXCISE TAX RATES;  
ELIMINATING RATE DIFFERENTIALS FOR MICROBREWERS, SMALL  
WINEGROWERS AND CRAFT DISTILLERS; INDEXING THE RATES TO  
INFLATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 7-17-5 NMSA 1978 (being Laws 1993,  
Chapter 65, Section 8, as amended) is amended to read:

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

A. There is imposed on a wholesaler who sells  
alcoholic beverages on which the tax imposed by this section  
has not been paid an excise tax, to be referred to as the  
"liquor excise tax", at the following rates on alcoholic  
beverages sold:

(1) from July 1, 2023 through June 30, 2027:

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1                   (a) on spirituous liquors, [~~except as~~  
2 ~~provided in Paragraph (9) of this subsection, one dollar sixty~~  
3 ~~cents (\$1.60)] seven dollars twenty-four cents (\$7.24) per  
4 liter;~~

5                   [~~(2)~~] (b) on beer, [~~except as provided~~  
6 ~~in Paragraph (5) of this subsection, forty-one cents (\$.41)]~~  
7 three dollars eight cents (\$3.08) per gallon;

8                   [~~(3)~~] (c) on wine, except as provided in  
9 [~~Paragraphs (4) and (6) of this subsection, forty-five cents~~  
10 ~~(\$.45)] Subparagraph (d) of this paragraph, two dollars  
11 fourteen cents (\$2.14) per liter;~~

12                   [~~(4)~~] (d) on fortified wine, [~~one dollar~~  
13 ~~fifty cents (\$1.50)] three dollars sixty-one cents (\$3.61) per  
14 liter; and~~

15                   [~~(5)~~] ~~on beer manufactured or produced by a~~  
16 ~~microbrewer and sold in this state, provided that proof is~~  
17 ~~furnished to the department that the beer was manufactured or~~  
18 ~~produced by a microbrewer, eight cents (\$.08) per gallon on the~~  
19 ~~first thirty thousand barrels sold, twenty-eight cents (\$.28)~~  
20 ~~per gallon for all barrels sold over thirty thousand barrels~~  
21 ~~but less than sixty thousand barrels and forty-one cents (\$.41)~~  
22 ~~per gallon for sixty thousand or more barrels sold;~~

23                   [~~(6)~~] ~~on wine manufactured or produced by a~~  
24 ~~small winegrower and sold in this state, provided that proof is~~  
25 ~~furnished to the department that the wine was manufactured or~~

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underscored material = new  
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1 ~~produced by a small winegrower:~~

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

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

7 ~~(c) thirty cents (\$.30) per liter on~~  
8 ~~each liter sold over nine hundred fifty thousand liters but not~~  
9 ~~over one million five hundred thousand liters;~~

10 ~~(7)] (e) on cider, [except as provided~~  
11 ~~in Paragraph (8) of this subsection forty-one cents (\$.41)]~~  
12 ~~three dollars eight cents (\$3.08) per gallon~~

13 ~~[(8) on cider manufactured or produced by a~~  
14 ~~small winegrower and sold in this state, provided that proof is~~  
15 ~~furnished to the department that the cider was manufactured or~~  
16 ~~produced by a small winegrower, eight cents (\$.08) per gallon~~  
17 ~~on the first thirty thousand barrels sold, twenty-eight cents~~  
18  ~~(\$.28) per gallon for all barrels sold over thirty thousand~~  
19 ~~barrels but less than sixty thousand barrels and forty-one~~  
20 ~~cents (\$.41) per gallon for sixty thousand or more barrels~~  
21 ~~sold; and~~

22 ~~(9) on spirituous liquors manufactured or~~  
23 ~~produced by a craft distiller licensed pursuant to Section~~  
24 ~~60-6A-6.1 NMSA 1978, provided that proof is provided to the~~  
25 ~~department that the spirituous liquors were manufactured or~~

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underscored material = new  
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1 ~~produced by a craft distiller, for products up to ten percent~~  
2 ~~alcohol by volume, eight cents (\$.08) per liter for the first~~  
3 ~~two hundred fifty thousand liters sold and twenty-eight cents~~  
4  ~~(\$.28) per liter for the next two hundred fifty thousand liters~~  
5  ~~sold and for products over ten percent alcohol by volume,~~  
6  ~~thirty-two cents (\$.32) per liter on the first one hundred~~  
7  ~~seventy-five thousand liters sold and sixty-five cents (\$.65)~~  
8  ~~per liter on the next two hundred thousand liters sold]; and~~  
9 (2) on and after July 1, 2027, the rates as  
10 determined pursuant to Subsection B of this section.

11 B. No later than April 30, 2027 and April 30 of  
12 each subsequent year, the department shall calculate the rates  
13 of liquor excise tax to be imposed as of July 1 of that year.  
14 The rates of the liquor excise tax shall be equal to the  
15 product, rounded down to the nearest whole cent, of the rates  
16 provided in Paragraph (1) of Subsection A of this section,  
17 multiplied by a fraction with a numerator equal to the consumer  
18 price index for the previous calendar year and a denominator  
19 equal to the consumer price index for the most current calendar  
20 year available.

21 ~~[B.]~~ C. The volume of wine transferred from one  
22 winegrower to another winegrower for processing, bottling or  
23 storage and subsequent return to the transferor shall be  
24 excluded pursuant to Section 7-17-6 NMSA 1978 from the taxable  
25 volume of wine of the transferee. Wine transferred from an

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underscoring = new  
~~[bracketed material]~~ = delete

1 initial winegrower to a second winegrower remains a tax  
2 liability of the transferor, provided that if the wine is  
3 transferred to the transferee for the transferee's use or for  
4 resale, the transferee then assumes the liability for the tax  
5 due pursuant to this section.

6 ~~[G.]~~ D. A transfer of wine from a winegrower to a  
7 wholesaler for distribution of the wine transfers the liability  
8 for payment of the liquor excise tax to the wholesaler upon the  
9 sale of the wine by the wholesaler.

10 E. As used in this section, "consumer price index"  
11 means the consumer price index for all urban consumers  
12 published by the United States department of labor for the  
13 month ending September 30."

14 **SECTION 2. EFFECTIVE DATE.**--The effective date of the  
15 provisions of this act is July 1, 2023.