

1 HOUSE BILL 398

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO TAXATION; RAISING THE LIQUOR EXCISE TAX RATE FOR
12 CERTAIN TYPES OF ALCOHOLIC BEVERAGES; INDEXING THE RATE TO
13 INFLATION.
14

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

16 SECTION 1. Section 7-17-5 NMSA 1978 (being Laws 1993,
17 Chapter 65, Section 8, as amended by Laws 2013, Chapter 94,
18 Section 2 and by Laws 2013, Chapter 95, Section 2) is amended
19 to read:

20 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

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

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1 (1) from July 1, 2017 through June 30, 2021:

2 (a) on spirituous liquors, [~~one dollar~~
3 ~~sixty cents (\$1.60)~~] seven dollars twenty-four cents (\$7.24)
4 per liter;

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

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

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

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

24 [~~6~~] (f) on wine manufactured or
25 produced by a small winegrower and sold in this state, provided

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1 that proof is furnished to the department that the wine was
2 manufactured or produced by a small winegrower: [~~(a)~~] 1) ten
3 cents (\$.10) per liter on the first eighty thousand liters
4 [~~sold; (b)~~]; 2) twenty cents (\$.20) per liter [~~on each liter~~
5 ~~sold over~~] for between eighty thousand [~~liters but not over~~
6 and nine hundred fifty thousand liters; and [~~(c)~~] 3) thirty
7 cents (\$.30) per liter [~~on each liter sold over~~] for between
8 nine hundred fifty thousand [~~liters but not over~~] and one
9 million five hundred thousand liters; and

10 [~~(7)~~] (g) on cider, forty-one cents
11 (\$.41) per gallon; and

12 (2) beginning July 1, 2021 and on July 1 of
13 every four years thereafter, at the rates as provided in
14 Paragraph (1) of this subsection, except adjusted to reflect
15 the change, if any, in the cost of consumer goods, as measured
16 by the consumer price index for all urban consumers in the west
17 urban area published by the United States department of labor.
18 On March 1, 2021 and on March 1 of every four years thereafter,
19 the department shall determine whether there has been a change
20 from the previous four years in the cost of consumer goods and,
21 if there has been a change, calculate the corresponding
22 adjustments to the liquor excise tax rates. The department
23 shall then promptly publish the prospective changes in rates
24 and notify wholesalers who sell alcoholic beverages of those
25 changes.

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

11 C. A transfer of wine from a winegrower to a
12 wholesaler for distribution of the wine transfers the liability
13 for payment of the liquor excise tax to the wholesaler upon the
14 sale of the wine by the wholesaler."

15 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
16 provisions of this act is July 1, 2017.