

1 SENATE BILL 259

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO TAXATION; INCREASING LIQUOR EXCISE TAX RATES;
12 ELIMINATING RATE DIFFERENTIALS FOR MICROBREWERS, SMALL
13 WINEGROWERS AND CRAFT DISTILLERS; INDEXING THE RATES TO
14 INFLATION; DISTRIBUTING A PORTION OF THE REVENUE FROM THE TAX
15 TO A NEW ALCOHOL HARMS ALLEVIATION FUND; MAKING AN
16 APPROPRIATION.

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

19 SECTION 1. Section 7-1-6.40 NMSA 1978 (being Laws 1997,
20 Chapter 182, Section 1, as amended) is amended to read:

21 "7-1-6.40. DISTRIBUTION OF LIQUOR EXCISE TAX--LOCAL DWI
22 GRANT FUND--CERTAIN MUNICIPALITIES--DRUG COURT FUND--ALCOHOL
23 HARMS ALLEVIATION FUND--

24 A. A distribution pursuant to Section 7-1-6.1 NMSA
25 1978 in an amount equal to [~~forty-five~~] twelve percent of the
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1 net receipts attributable to the liquor excise tax shall be
2 made to the local DWI grant fund.

3 B. A distribution pursuant to Section 7-1-6.1 NMSA
4 1978 of [~~twenty thousand seven hundred fifty dollars (\$20,750)~~
5 ~~monthly from~~] one-fourth percent of the net receipts
6 attributable to the liquor excise tax shall be made to a
7 municipality that is located in a class A county and that has a
8 population according to the most recent federal decennial
9 census of more than thirty thousand but less than sixty
10 thousand and shall be used by the municipality only for the
11 provision of alcohol treatment and rehabilitation services for
12 street inebriates.

13 C. [~~Beginning July 1, 2019~~] A distribution pursuant
14 to Section 7-1-6.1 NMSA 1978 in an amount equal to [~~five~~] one
15 and one-half percent of the net receipts attributable to the
16 liquor excise tax shall be made to the drug court fund.

17 D. A distribution pursuant to Section 7-1-6.1 NMSA
18 1978 in an amount equal to eighty-six and one-fourth percent of
19 the net receipts attributable to the liquor excise tax shall be
20 made to the alcohol harms alleviation fund."

21 SECTION 2. Section 7-17-5 NMSA 1978 (being Laws 1993,
22 Chapter 65, Section 8, as amended) is amended to read:

23 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--

24 A. There is imposed on a wholesaler who sells
25 alcoholic beverages on which the tax imposed by this section

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1 has not been paid an excise tax, to be referred to as the
2 "liquor excise tax", at the following rates on alcoholic
3 beverages sold:

4 ~~[(1) on spirituous liquors, except as provided~~
5 ~~in Paragraph (9) of this subsection, one dollar sixty cents~~
6 ~~(\$1.60) per liter;~~

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

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

12 ~~(4) on fortified wine, one dollar fifty cents~~
13 ~~(\$1.50) per liter;~~

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

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

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

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

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

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

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

20 ~~(9) on spirituous liquors manufactured or~~
21 ~~produced by a craft distiller licensed pursuant to Section~~
22 ~~60-6A-6.1 NMSA 1978, provided that proof is provided to the~~
23 ~~department that the spirituous liquors were manufactured or~~
24 ~~produced by a craft distiller, for products up to ten percent~~
25 ~~alcohol by volume, eight cents (\$.08) per liter for the first~~

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1 ~~two hundred fifty thousand liters sold and twenty-eight cents~~
2 ~~(\$.28) per liter for the next two hundred fifty thousand liters~~
3 ~~sold and for products over ten percent alcohol by volume,~~
4 ~~thirty-two cents (\$.32) per liter on the first one hundred~~
5 ~~seventy-five thousand liters sold and sixty-five cents (\$.65)~~
6 ~~per liter on the next two hundred thousand liters sold;]~~

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

8 (a) on spirituous liquors, twenty-five
9 cents (\$.25) per one and one-half ounce serving;

10 (b) on beer and cider, twenty-five cents
11 (\$.25) per twelve ounce serving;

12 (c) on wine, twenty-five cents (\$.25)
13 per five ounce serving; and

14 (d) on fortified wine, twenty-five cents
15 (\$.25) per three and one-half ounce serving; and

16 (2) on and after July 1, 2027, the rates as
17 determined pursuant to Subsection B of this section.

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

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1 equal to the consumer price index for the most current calendar
2 year available.

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

13 [G-] D. A transfer of wine from a winegrower to a
14 wholesaler for distribution of the wine transfers the liability
15 for payment of the liquor excise tax to the wholesaler upon the
16 sale of the wine by the wholesaler.

17 E. As used in this section, "consumer price index"
18 means the consumer price index for all urban consumers
19 published by the United States department of labor for the
20 month ending September 30."

21 SECTION 3. [NEW MATERIAL] ALCOHOL HARMS ALLEVIATION
22 FUND.--

23 A. The "alcohol harms alleviation fund" is created
24 as a reverting fund in the state treasury. The fund consists
25 of appropriations, distributions, gifts, grants, donations and

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1 bequests made to the fund and income from investment of the
2 fund. The department of finance and administration shall
3 administer the fund, and money in the fund is subject to
4 appropriation by the legislature to the human services
5 department, department of health, early childhood education and
6 care department, public education department and higher
7 education department for:

8 (1) alcohol harms prevention, treatment and
9 recovery services;

10 (2) behavioral health treatment for justice-
11 involved populations and others not covered by the state
12 medicaid program or other health insurance;

13 (3) addressing social determinants of health
14 related to alcohol misuse;

15 (4) support for victims of alcohol-related
16 crimes, including domestic violence and sexual assault; and

17 (5) prevention and reduction of alcohol harms
18 on lands of Indian nations, tribes and pueblos.

19 B. Money in the fund shall be expended by warrant
20 of the secretary of finance and administration pursuant to
21 vouchers signed by the secretary or the secretary's authorized
22 representative.

23 SECTION 4. APPROPRIATION.--Two hundred thousand dollars
24 (\$200,000) is appropriated from the general fund to the
25 department of finance and administration for expenditure in

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1 fiscal year 2024 to contract for services to coordinate
2 proposals to the legislature for the expenditure of funds in
3 the alcohol harms alleviation fund. Any unexpended or
4 unencumbered balance remaining at the end of fiscal year 2024
5 shall revert to the general fund.

6 SECTION 5. EFFECTIVE DATE.--The effective date of the
7 provisions of this act is July 1, 2023.

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