

LFC Requester: \_\_\_\_\_

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**  
**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**  
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**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/19/2025 *Check all that apply:*  
**Bill Number:** S431-341 Original  Correction   
 Amendment  Substitute

**Sponsor:** Sen. Sedillo Lopez  
Sen. Pinto  
Rep. Ferrary

**Agency Name and Code:** DFA-341

**Number:** \_\_\_\_\_

**Short Title:** LIQUOR TAX CHANGES & PROGRAMS

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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: HB 417  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis: Senate Bill 431 (SB431):

- relates to taxation
- amends the distributions of the liquor excise tax (LET)
- amends definitions in the LET act
- creates a surtax and distributes it to a new tribal alcohol harms alleviation fund (TAHA) Fund
- changes and amends the Local DWI Grant Program Act to the local alcohol harms alleviation program act (LAHA) program act
- creates the tribal alcohol harms alleviation program act
- excludes LET from gross receipts
- requires legislative committees to periodically review LET and surtax rates
- makes appropriations.

The bill effective date is July 1, 2025; with an effective date of July 1, 2026 for sections of the bill related to the new TAHA program and fund.

#### **FISCAL IMPLICATIONS**

SB431 creates two new funds:

- the local alcohol harms alleviation fund (LAHA) and
- the tribal alcohol harms alleviation fund (TAHA)
- eliminates the distribution of LET to the general fund beginning in FY26
- eliminates the DWI Grant fund

SB431 distributes:

- 94% of the LET to the LAHA fund
- 6% of the LET to the drug court fund.
- 100% of the new liquor excise surtax to the TAHA fund.

SB431:

- allows for up to one million dollars of the LAHA fund to administer the LAHA program act.
- appropriates two million dollars from the LAHA fund to IAD in FY26 to prepare for the administration of the TAHA program act.
- appropriates one million dollars from the LAHA fund to the board of regents to conduct research and studies pursuant to the TAHA program act.
- changes and amends the Local DWI Grant Program Act to the local alcohol harms alleviation program act (LAHA program act) which changes the name of the DWI grant council to the local alcohol harms alleviation program council, which includes the current DWI Programs, but adds the ability for counties to fund additional prevention and treatment efforts for their constituents
- changes the makeup of the LAHA Council by adding the secretary of the public education or their designee and the secretary of Indian affairs or their designee
- allows the division to promulgate new rules for the new fund

- allows the division to make grants through a new formula based on population by county and five-year alcohol related deaths by county
- allows the division to expend up to one million dollars to administer the program
- The new TANA program fund is not effective until July 1, 2026, but an appropriation is established in this bill to allow IAD to receive two million dollars in FY26 and subsequent fiscal years to prepare for the administration of the TANA program act

#### SIGNIFICANT ISSUES

- The division has issued DWI Program grant applications that are due from the county programs to the division by February 28, 2025, for the FY26 funding allocations. Currently the DWI Grant council awards the next fiscal year funding at an open meeting in April so that the division can timely prepare the grant agreements to become effective July 1.
- If the DWI Grant Program act revision is effective July 1, 2025, the current application process would be disrupted, and the county DWI programs may not receive their distribution or grant funding awards timely. The division will need to promulgate new rules and new grant application processes which will take a considerable amount of time to put into place and will impact the funding awards for FY26. The new funding formula will change the current distribution allocations which will throw the current application process into uncertainty.

#### PERFORMANCE IMPLICATIONS

- With an effective date of July 1, 2025, SB431 does not allow time for the division to promulgate new rules and guidelines and application for funding for the new Act, which will greatly impact the current county DWI Grant program's ability to provide services and programs outlined in the current FY26 application.

#### ADMINISTRATIVE IMPLICATIONS

- The current six FTE positions tied to the LDWI Bureau in DFA will need to be transferred to the new LANA Bureau, to undertake the duties established by this revised Act.

#### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

- SB199 amends 11-6A-3 NMSA 1978, Local DWI Program Act Fund by increasing the amount of the Local DWI Grant fund that may be sued for administration of the program.
- HB417 is a duplicate bill of SB431

#### TECHNICAL ISSUES

In section 15 C. on page 23:

- The amount available for the funding formula needs to be reduced by not only the transfer to the interlock device fund listed in B., but also the amount listed in E. of the same section, one million dollars for reasonable costs to administer the fund.

In section 15 C. (1) on page 23:

- the formula as proposed in SB431 should cite that the population of the county as determined each year is determined by UNM Geospatial and Populations Studies (GPS) not by the department of health.

#### OTHER SUBSTANTIVE ISSUES

- The language in the Section 15 A. suggests that the division will make grants to counties for programs approved by the council. Section 15 C. suggests that the division will distribute the funds to counties based on the new formula in quarter installments.

#### ALTERNATIVES

Options related to Section 15 are to keep the Local DWI Program statute in place and create a new statute for the LANA program fund. Allocate a fixed amount of LET for the Local DWI Program i.e. 25 million and allocate the balance of the LET to the new LANA program fund. DFA will oversee the grant process for the counties to apply for grants from the LANA program fund for council-approved alcohol awareness and recovery approaches to promote prevention or facilitate interventions, and reduce harms and risks associated with substance misuse.

#### WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

#### AMENDMENTS

Change the bill effective date to July 1, 2026. Allow for the use of a portion of the LET that goes to the general fund in FY26 to be used for IAD start up costs and to the board of regents for research.