

Policy Ideas to Increase Behavioral Health Services funding.

The following ideas need further analysis to determine the income that could be generated, the additional services that could be provided and the potential impact.

1. Enact a Local Option Liquor Excise Tax, Which is now available only to McKinley County. It could be made a statewide option, subject to approval of local governments and voters.
2. Enact tax on internet pornography, and adult entertainment businesses and direct the proceeds to domestic violence and sexual assault services.
3. Earmark some of the taxes on recreational cannabis for additional addiction treatment services.
4. California imposed a 1% additional state income tax on those making more than one million dollars a year and earmarked the tax for behavioral health services. Not sure it would work in NM because the number of people with incomes over a million dollars is so small.
5. Provide tax incentives for businesses to provide counseling assistance and referral programs for their employees.

The following ideas are a source of additional funding by using existing sources of funding.

1. Change the language for accepted uses of the over \$3 billion now in the Early Childhood Fund to permit greater flexibility, including behavioral health services for kids from birth to kindergarten.
2. Transfer the entire amount of the existing Liquor Excise Tax to HSD to distribute to local communities, for alcohol and drug treatment and prevention, matching it where possible with Medicaid dollars. Currently half (@\$25 million) goes to the DWI fund for distribution and the other half goes to the General Fund.
3. The American Rescue Plan Act (ARPA), enacted on March 11, 2021, established a new option for states to cover behavioral services through their Medicaid programs for a five-year period beginning April 2022. It also provides an enhanced federal match covering 85 percent of the cost of these services for the first three years. Ensure that New Mexico is maximizing this option.
4. The federal government provides Mental Health Block Grants (MHBG) that support states in building out their community mental health services, particularly in rural communities. . Ensure that New Mexico is maximizing the use of these Block grants.

