

HOUSE TAXATION AND REVENUE COMMITTEE SUBSTITUTE FOR
HOUSE BILL 359

**44TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION,
2000**

AN ACT

RELATING TO TAXATION; AMENDING SECTIONS OF THE LIQUOR EXCISE
TAX ACT TO CHANGE PROVISIONS RELATING TO THE LIQUOR EXCISE
TAX ON WINE PRODUCED BY SMALL WINERS AND WINEGROWERS.

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

Section 1. Section 7-17-2 NMSA 1978 (being Laws 1966,
Chapter 49, Section 2, as amended) is amended to read:

"7-17-2. DEFINITIONS.--As used in the Liquor Excise Tax
Act:

A. "alcoholic beverages" means distilled or
rectified spirits, potable alcohol, brandy, whiskey, rum, gin
and aromatic bitters or any similar alcoholic beverage,
including blended or fermented beverages, dilutions or
mixtures of one or more of the foregoing containing more than
one-half of one percent alcohol, but excluding medicinal
bitters:

.132650.1

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

1 (1) "spirituous liquors" means alcoholic
2 beverages, except fermented beverages such as wine, beer,
3 cider and ale;

4 (2) "beer" means any alcoholic beverage
5 obtained by the fermentation of any infusion or decoction of
6 barley, malt and hops or other cereals in water and includes
7 porter, beer, ale and stout;

8 (3) "cider" means an alcoholic beverage made
9 from the normal alcoholic fermentation of the juice of sound,
10 ripe apples that contains not less than one-half of one
11 percent of alcohol by volume and not more than seven percent
12 of alcohol by volume;

13 (4) "fortified wine" means wine containing
14 more than fourteen percent alcohol by volume when bottled or
15 packaged by the manufacturer, but does not include:

16 (a) wine that is sealed or capped by
17 cork closure and aged two years or more;

18 (b) wine that contains more than
19 fourteen percent alcohol by volume solely as a result of the
20 natural fermentation process and has not been produced with
21 the addition of wine spirits, brandy or alcohol; or

22 (c) vermouth and sherry; and

23 (5) "wine" includes the words "fruit juices"
24 and means alcoholic beverages, other than cider, obtained by
25 the fermentation of the natural sugar contained in fruit or
other agricultural products, with or without the addition of
sugar or other products, that do not contain less than one-

1 half of one percent nor more than twenty-one percent alcohol
2 by volume;

3 B. "department" means the taxation and revenue
4 department, the secretary of taxation and revenue or any
5 employee of the department exercising authority lawfully
6 delegated to that employee by the secretary;

7 C. "microbrewer" means any person who produces
8 fewer than five thousand barrels of beer in a year;

9 D. "person" means any individual, estate, trust,
10 receiver, cooperative association, club, corporation,
11 company, firm, partnership, joint venture, syndicate or other
12 association; "person" also means, to the extent permitted by
13 law, any federal, state or other governmental unit or
14 subdivision or agency, department or instrumentality thereof;

15 E. "small winer or winegrower" means any person
16 who produces fewer than [~~three hundred seventy-five~~] five
17 hundred sixty thousand liters of wine in a year; and

18 F. "wholesaler" means any person holding a license
19 issued under Section 60-6A-1 NMSA 1978 or any person selling
20 alcoholic beverages that were not purchased from a person
21 holding a license issued under Section 60-6A-1 NMSA 1978."

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

24 "7-17-5. IMPOSITION AND RATE OF LIQUOR EXCISE TAX.--
25 There is imposed on any 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

.132650.1

1 excise tax", at the following rates on alcoholic beverages
2 sold:

3 A. on spirituous liquors, one dollar sixty cents
4 (\$1.60) per liter;

5 B. on beer, except as provided in Subsection E of
6 this section, forty-one cents (\$.41) per gallon;

7 C. on wine, except as provided in Subsections D
8 and F of this section, forty-five cents (\$.45) per liter;

9 D. on fortified wine, one dollar fifty cents
10 (\$1.50) per liter;

11 E. on beer manufactured or produced by a
12 microbrewer and sold in this state, provided that proof is
13 furnished to the department that the beer was manufactured or
14 produced by a microbrewer, twenty-five cents (\$.25) per
15 gallon;

16 F. on wine manufactured or produced by a small
17 winer or winegrower and sold in this state, provided that
18 proof is furnished to the department that the wine was
19 manufactured or produced by a small winer or winegrower, ten
20 cents (\$.10) per liter on the first eighty thousand liters
21 sold and twenty cents (\$.20) per liter on all liters sold
22 over eighty thousand liters but less than [~~three hundred~~
23 ~~seventy-five~~] five hundred sixty thousand liters; and

24 G. on cider, forty-one cents (\$.41) per gallon."
25

Section 3. EFFECTIVE DATE.--The effective date of the
provisions of this act is July 1, 2000.