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FISCAL IMPACT REPORT

SPONSOR:	Pederson	DATE TYPED:	02/11/00	HB	284
SHORT TITLE:	Authorization to Impose Liquor Excise Tax			SB	
				ANALYST:	Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	*positive		Recurring**	County Govt.

(Parenthesis () Indicate Revenue Decreases)

* counties must submit tax increase for voter approval.

** local tax increase is for a maximum of three years before it is submitted to the voters for extension, modification or sunset.

SOURCES OF INFORMATION

Legislative Finance Committee (LFC)

University of New Mexico Center on Alcoholism, Substance Abuse and Addictions (CASAA).

SUMMARY

Synopsis of Bill

This bill strikes language that limits the local liquor excise tax option to certain class B counties. The local option may be applied upon approval of the voters of the county. The maximum tax rate that may be applied is 5% (in 1% increments) and for a maximum of three years before it has to be submitted to the voters for extension or modification or sunset.

Significant Issues

The county imposing the tax must use the proceeds to fund educational programs and prevention and treatment of alcoholism and drug abuse within the county and for no other purpose.

The following information was provided by the University of New Mexico Center on Alcoholism, Substance Abuse and Addictions (CASAA).

Alcohol is the drug most frequently abused in New Mexico. Marijuana use and heroin use are also too frequent, as is the use and abuse of methamphetamines and cocaine. New Mexico has not received a great deal of attention for its alcohol and drug problems in the national media, a very substantial problem with all of these substances exist.

For a number of years the National Institute on Alcohol Abuse and Alcoholism (NIAAA) has ranked states and counties throughout the nation regarding their problems with alcohol related mortality. For the most recent years available, 1979 through 1985, New Mexico has ranked number one. Furthermore, twelve of

New Mexico's thirty-two counties have alcohol-related mortality which puts them in the highest 108 in the nation, and six of them are also in the highest 4%.

In addition to the above mortality issues, the health care system in New Mexico is burdened with a number of cases of alcohol-related illness. In the State's emergency rooms, it is estimated that up to 80% of all traumatic injuries involve alcohol. In addition, the problems of Fetal Alcohol Syndrome (FAS) and Fetal Alcohol Effects (FAE) are special concerns. They are presently the leading major birth defects in New Mexico, with a combined prevalence rate estimated to be 5.0 per 1,000 births.

Estimates in New Mexico indicate that 72% of those incarcerated in correctional institutions were under the influence of drugs or alcohol when the crime was committed, or were supporting drug habits at the time. In 1988, 38% of adults under active probation and 47% of adults on parole were diagnosed as having problems with substance abuse.

FISCAL IMPLICATIONS

This bill would give counties the option of imposing a local liquor tax that would provide additional revenue to fund educational programs and prevention and treatment of alcoholism and drug abuse within the county.

JE/njw