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## FISCAL IMPACT REPORT

SPONSOR: Madalena DATE TYPED: 02/13/01 HB 494  
 SHORT TITLE: Sandoval County Local Liquor Excise Tax SB \_\_\_\_\_  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 657.0	\$ 788.5	Recurring	Sandoval County
	\$ 34.6	\$ 41.5	Recurring	TRD Admin. Fees

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates Senate Bill 159

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

This bill would allow Sandoval County to impose a local liquor excise tax of up to 5% of the wholesale value of alcoholic beverages sold by retailers in the county. Currently only McKinley County is allowed to impose this local option liquor tax.

### FISCAL IMPLICATIONS

The Taxation and Revenue Department (TRD) report that the full year impact of this bill would increase Sandoval County revenues by \$788.5. TRD Administrative fees would increase by \$41.5.

There would be a two month lag between the effective date of the county tax and the first actual disbursement of revenue to the county. The revenue estimate is considered to be only an approximation, because no data exists on the value of alcoholic beverage sales by county.

### ADMINISTRATIVE IMPLICATIONS

Minimal.

### OTHER SUBSTANTIVE ISSUES

The Taxation and Revenue Department (TRD) report that the state liquor excise tax is collected at the distributor/wholesaler level. Since the disposition of the tax revenues in no way depends on the geographic dispersion of ultimate sales, the state liquor excise tax does not generate information about patterns of local sales on either a dollar or volume basis. Creation or expansion of local option taxes of this sort inhibit the ability of the state to raise revenue from the same source.

Section 7-24-12 NMSA 1978 of the current local liquor excise tax act exempts "the purchase of alcoholic beverages by any instrumentality of the armed forces of the United States engaged in resale activities." It might be useful to condition this exemption on the continuation of the federal prohibition so that, if the federal government ever allows such sales to be taxed by state and local governments, such sales would automatically become taxable.

New Mexico's current tax rates on alcoholic beverages ranks relatively high among states. Laws 1993, Chapter 65 increased the state-imposed liquor excise tax over a two-year period from about \$18 million to about \$35 million per year. As of 1993, New Mexico imposed the 8th highest tax on beer, the 5th highest tax on wine and, among the states not imposing a state monopoly on the sale of spirits, the 3rd highest tax on spirits.

JBE/njw