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## FISCAL IMPACT REPORT

SPONSOR: Martinez DATE TYPED: 03/05/01 HB 901  
 SHORT TITLE: Liquor Excise Tax for Treatment Facilities SB \_\_\_\_\_  
 ANALYST: Eaton

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
\$ (43.6)	\$ (500.0)	\$ (2,500.0)	Recurring	General Fund
	\$ 0.0	\$ 1,700.0	Recurring	Bernalillo County
	\$ 0.0	\$ 300.0	Recurring	San Juan County
	\$ 300.0	\$ 300.0	Recurring	Santa Fe County
	\$ 200.0	\$ 200.0	Recurring	McKinley County
	\$ 200.0	\$ 200.0	Recurring	Rio Arriba County
	\$ 43.6	\$*	Recurring	All Counties

\* The relatively small amount of excess money growth would be distributed to all counties by the formula distribution specified in Section 3 of the bill.

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

This bill permanently directs 34 percent of state Liquor Excise Tax revenue to the Local DWI Grant Fund administered by the Local Governments Division of the Department of Finance and Administration (DFA). An additional \$0.5 million would be appropriated from the DWI Grant Fund for distribution to Santa Fe County (\$0.3 million), McKinley County (\$0.2 million) and Rio Arriba County (\$0.2 million) to fund alcohol detoxification and treatment facilities (see TECHNICAL ISSUES).

The one-time distributions to Bernalillo County (\$1.7 million) and San Juan County (\$0.3 million) currently specified for fiscal year 2002 to fund alcohol detoxification and treatment facilities would be made permanent. Amounts for other beneficiaries of the fund, the formula distribution to all

## **House Bill 901 -- Page 2**

counties and the \$2 million reserved for grants to local governments, would be mostly unchanged from current amounts.

### **FISCAL IMPLICATIONS**

The fiscal year 2001 impact results from the July 1 effective date of the bill. The first revised distribution to the Local DWI Grant Fund would be transferred in mid-July, 2001, affecting June 2001 state general fund revenue. The fiscal year 2001 amount is slightly more than 1/12th of the full year amount because summer liquor tax revenues are stronger than other periods of the year.

The Taxation and Revenue Department (TRD) report that the precise timing of the distribution of the additional \$43.6 thousand "shared among all counties" has not been determined, and may depend on the timing of distributions to the particular counties with alcohol detoxification and treatment facilities. Presumably at some point the \$43.6 thousand from FY 2001 liquor tax revenue would be available for the formula distribution to all counties under Section 11-6A-6 NMSA 1978 (Section 3 of the bill). This portion of the fiscal impact would be nonrecurring.

The distribution of 34% of Liquor Excise Tax revenue to the Local DWI Grant Fund will grow beyond the amount necessary to fund the fixed appropriations to the specific counties with alcohol detoxification and treatment facilities. The relatively small amount of excess money would be distributed to all counties by the formula distribution specified in Section 11-6A-6 NMSA 1978 (Section 3 of the bill).

### **ADMINISTRATIVE IMPLICATIONS**

Minimal.

### **TECHNICAL ISSUES**

Section 2, Subsection C (page 3, lines 10 & 11) sets aside \$2.5 million for distribution to particular counties, but the county distributions total \$2.7 million. To raise an additional \$200 thousand for the DWI Grant Fund, the distribution in Section 1 (page 1, line 22) could be revised from 34% to 34.5%. The various references to \$4.5 million and \$2.5 million should probably be changed to \$4.7 million and \$2.7 million (Section 2, Subsections B and C, and Section 3, Subsection A).

### **OTHER SUBSTANTIVE ISSUES**

The Taxation and Revenue Department (TRD) provided the following Legislative history of the DWI Grant Fund.

The DWI Grant Fund was originally created by Laws 1993, Chapter 65, Section 3 (Chapter 11, Article 6A NMSA 1978) as part of a major liquor tax increase and DWI prevention effort. From 1993 through 1997 the fund was financed by state general fund appropriation. The 1993 legislation appropriated \$5.5 million for the 1993-94 fiscal year to the newly-created Local DWI Grant Fund for use in grants to local communities to fund innovative programs and services dealing with DWI, alcoholism and alcohol abuse. Appropriations to the fund for fiscal years 1994 through 1997 were roughly \$5 million per year. Also in fiscal year 1993-94, an additional \$5.1 million was appropriated to the newly-created DWI Program Fund administered by DFA for use in new state agency programs meeting the guidelines of the Alcoholism and Alcohol Abuse Prevention, Screening and Treatment Act. The Community DWI Fund was appropriated \$9.2 million, replacing the old earmarked tax to the Community Alcoholism Treatment and Detoxification Fund.

**House Bill 901 -- Page 3**

1997 legislation (Laws 1997, Chapter 182 - 1997 HB-107) directed 27.2% (\$9.7 million) of state Liquor Excise Tax revenue from the State General Fund to the Local DWI Grant Fund, and created a new quarterly distribution by formula to counties amounting to available money in the fund less \$2 million reserved for local government grants.

JBE/njw