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FISCAL IMPACT REPORT



SPONSOR: Whitaker DATE TYPED: 2/05/02 HB 174/aHBIC

SHORT TITLE: Liquor Excise Tax Revenues Distributions SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
(\$150.0)	(\$1,718.0)		Recurring	State General Fund
	\$1,300.0		Recurring	Lea County
	\$350.0		Recurring	Eddy County
	\$150.0		Nonrecurring	Shared among All Counties

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment increased the distribution to the DWI Grant Fund and added an appropriation to Eddy County.

SUMMARY

Synopsis of Bill

This bill increases percentage of state liquor excise tax revenue distributed to the local DWI grant fund administered by the local government division of the department of finance and administration. The current percentage is 34.57% of net liquor excise tax revenue. For fiscal year 2003, the percent distributed would increase to 39.06%. For fiscal year 2004 and thereafter, the percent distributed would decrease from the FY 2003 level to 37.42% of net collections.

House Bill 74/aHBIC -- Page 2

An additional \$1.3 million in FY 2003 and \$700 thousand in subsequent years would be appropriated from the DWI grant fund for distribution to Lea County to fund an alcohol treatment facility. Also, an

additional \$350 thousand would be appropriated annually to Eddy County to fund an alcohol treatment facility.

Amounts for other beneficiaries of the fund, the formula distribution to all counties and the \$2 million reserved for grants to local governments, would be mostly unchanged from current amounts.

FISCAL IMPLICATIONS

TRD notes that the fiscal year 2002 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, 2002, affecting June 2002 state general fund revenue. The fiscal year 2003 impact is the effect of the June 2003 revenue distributed in July—approximately \$68 thousand—at the fiscal year 2004 distribution rate of 37.42% (a decrease from FY 2003 levels, but an increase from current levels). June revenue (distributed in July) is slightly more than 1/12th of the full year amount because summer liquor tax revenues are stronger than other periods of the year.

(1) The precise timing of the distribution of the additional \$150 thousand in FY 2003 "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 \$150 thousand and \$68 thousand from FY 2002 and FY 2003 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 "17*" amount shown as a recurring impact "shared amount all counties" results from the fact that the distribution of 37.42% of Liquor Excise Tax revenue to the Local DWI Grant Fund results in about \$17 thousand more than the amount necessary to fund the fixed appropriations to the specified counties. Slow growth in liquor tax revenues over time will increase this amount in subsequent years. The 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).

SS/njw:ar