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FISCAL IMPACT REPORT

SPONSOR HGUAC DATE TYPED 2-6-04 HB 115 & 117/HGUACS
 SHORT TITLE Local DWI Grant Fund Distributions SB _____
 ANALYST Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
	(4,100.0)	(4,223.0)	Recurring	General Fund
	1,500.0	1,545.0	Recurring	Muni/County Grants
	1,400.0	800.0	Recurring	Lea County
	1,200.0	1,878.0	Recurring	Distributed by Formula

(Parenthesis () Indicate Revenue Decreases)

Relates to:

HB 117, Liquor Tax Revenue to Local DWI Grant Fund

SB 119, Local DWI Grant Fund Distribution Increase

SOURCES OF INFORMATION

LFC Files

No Responses Received From

Taxation and Revenue Department (TRD)

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

The House Government and Urban Affairs Committee substitute for HB 115 and HP 117 amends statute to increase distributions to the DWI grant fund from 34.57 percent to 45 percent of net receipts from the liquor excise tax. It also increases from \$2.5 million to \$4.0 million the amount reserved for the "local DWI grant fund".

In FY05, the bill adds a \$1.4 million distribution to Lea county to build an alcohol treatment fa-

cility. In FY06 through FY11, \$800 thousand will be distributed to Lea county for operational expenses of the alcohol treatment facility.

Significant Issues

Under current law, the local DWI grant fund (7-1-6.40) is segmented into three parts: (1) funds for the local government division of DFA to make grants to municipalities and counties in accordance with provisions of the local DWI Grant Program Act, (2) funding for five counties alcohol detoxification and treatment facilities, and (3) the remainder is distributed to all counties based on a formula provided by in law (11-6A-3 and 11-6A-5).

FISCAL IMPLICATIONS

Total liquor excise taxes are anticipated in FY05 to be approximately \$39.4 million. By increasing the DWI Grand Fund distribution from 34.57 percent to 45 percent, the general fund will receive approximately \$4.1 million less in liquor excise taxes. The revenue to local governments will increase as shown in the Revenue Table.

ADMINISTRATIVE IMPLICATIONS

TRD does not note any administrative impacts.

OTHER SUBSTANTIVE ISSUES

TRD included the following legislative history in an earlier bill:

1) Legislative History

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.

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.

2000 legislation (Laws 2000, Chapter 83 – 2000 SWMC Substitute for SB-96) increased the DWI Grant Fund distribution to 32.7% (an additional \$2.0 million) of

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liquor excise tax revenue for fiscal year 2002 only, and appropriated the additional amount to Bernalillo County (\$1.7 million) and San Juan County (\$0.3 million) to fund alcohol detoxification and treatment facilities.

2001 legislation (Laws 2001, Chapter 112 – HB-103) permanently directed 34.57% of state liquor excise tax revenue to the Local DWI Grant Fund, beginning in fiscal year 2002. An additional \$0.5 million was appropriated from the DWI Grant Fund for distribution to Santa Fe County (\$0.3 million) and Rio Arriba County (\$0.2 million) to fund alcohol detoxification and treatment facilities.

The one-time distributions to Bernalillo County (\$1.7 million) and San Juan County (\$0.3 million) formerly specified for fiscal year 2002 to fund alcohol detoxification and treatment facilities was made permanent.

SN/yr