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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/29/08  
 SPONSOR Taylor LAST UPDATED 2/09/08 HB 502/aHBIC  
 SHORT TITLE Liquor Tax for Street Inebriates SB \_\_\_\_\_  
 ANALYST Propst/Francis

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
		(498.0)	Recurring	General Fund
		498.0	Recurring	City Government

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB164 as amended.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

NM Municipal League (NMML)  
 Department of Finance and Administration (DFA)  
 New Mexico Corrections Department (NMCD)

### SUMMARY

#### Synopsis of HBIC Amendment

House Business & Industry amendment 502, page 1, line 25, strike “seventy-five thousand dollars (\$75,000)” and insert in lieu thereof “forty-one thousand five hundred dollars (\$41,500)”

On page 2, line 2, after “to”, strike the remainder of the line, strike all of lines 3 and 4 and strike line 5 up to the period and insert in lieu thereof “a municipality that is located in a class A county and that has a population of more than thirty thousand but less than sixty thousand according to the most recent federal decennial census”.

#### Synopsis of Original Bill

House Bill 502, Relating to Taxation; Providing for a Distribution of Liquor Excise Tax Revenues to Certain Municipalities for the Treatment of Street Inebriates, would provide a distribution of \$75 thousand per month, or \$900 thousand annually, from the net receipts of the liquor excise tax to municipalities that spent more than \$2 million of municipal funds for alcohol treatment and rehabilitation services for street inebriates for the prior fiscal year.

**FISCAL IMPLICATIONS**

The general fund will bear the cost of the monthly distribution of \$41,500 that will now go to Farmington. The table below shows the current and new distributions:

	Current Distribution	SB164/CS
FY10 Projection	45,547,692	45,547,692
DFA - Local DWI Grant Program	2,500,000	2,500,000
Alcohol Detoxification and Treatment		
Bernalillo	1,700,000	1,700,000
San Juan	300,000	300,000
Santa Fe	300,000	300,000
Rio Arriba	200,000	200,000
Sandoval	150,000	150,000
Socorro	150,000	150,000
DFA - Interlock Devices	300,000	300,000
Counties by Formula	13,302,292	13,302,292
Farmington		498,000
General Fund	26,645,400	26,147,400

**SIGNIFICANT ISSUES**

Only Farmington in San Juan County fits the definition added by this bill. In 2000, the municipality had 37,844 people and San Juan is one of four Class A Counties.

The NM Association of Counties reports that the DWI funding for local government was increased significantly last year (House Bill 266 2007 Session). San Juan County should have gotten an additional \$146 thousand from the new distribution.

DFA (analysis from SB164, a duplicate bill):

The level of alcohol and drug abuse is high in San Juan County and current funds may not be adequate to address these issues. According to TSB data San Juan ranks in the top 5 for fatal and injury DWI crashes in the state. San Juan County currently receives funding to address alcohol and drug prevention. This includes over one million dollars from LDWI fund, \$485,000 in special appropriation for a Meth project plus other local, state and federal funds.

Studies and research indicate ([www.alcoholtaxincrease.org](http://www.alcoholtaxincrease.org)) that raising taxes on the sale of alcohol decreases alcohol consumption especially among youth. This strategy is supported by research as one of the most effective means to reduce DWI and alcoholism. New Mexico has not increased the alcohol excise tax rates since 1993. This proposed change in law could reduce alcohol use in San Juan County.

The City of Farmington recently passed a resolution to support this legislation. The City took this action in response to public requests for more services to address DWI and alcohol and drug abuse in the area.

NF/WEP/mt