F I S C A L   I M P A C T   R E P O R T

		LAST UPDATED	
SPONSOR	Gonzales	**ORIGINAL DATE**	2/8/24
SHORT TITLE	Local Dwi Grant Program Administration	**BILL NUMBER**	Senate Bill 144
		ANALYST	Sanchez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DFA's Local Government Division	No fiscal impact	$500.0	$500.0	$1,000.0	Recurring	Local DWI Grant Fund
County DWI Grant Programs	No fiscal impact	$500.0	$500.0	$1,000.0	Recurring	Local DWI Grant Fund
Total	**No fiscal impact**	**$1,000.0**	**$1,000.0**	**$2,000.0**	**Recurring**	**Local DWI Grant Fund**

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency Analysis Received From
Department of Public Safety (DPS)
Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Senate Bill 144

Senate Bill 144 amends Section 11-6A NMSA 1978 (Local DWI Grant Program) to increase the amount of money the Department of Finance and Administration's Local Government Division is allowed to distribute each fiscal year by $500 thousand (from $5.6 million to $6.1 million), from the annual distribution it receives from liquor excise tax revenue. The bill also increases the limitation on the amount of money that can be used each fiscal year for the administration of the grant program by $500 thousand (from $600 thousand to $1.1 million).

The effective date of this bill is July 1, 2024.

FISCAL IMPLICATIONS

This bill creates or expands a tax expenditure with a cost that is difficult to determine but likely significant. LFC has serious concerns about the substantial risk to state revenues from tax expenditures and the increase in revenue volatility from erosion of the revenue base. The committee recommends the bill adhere to the LFC tax expenditure policy principles for vetting, targeting, and reporting or action be postponed until the implications can be more fully studied.

SIGNIFICANT ISSUES

Analysis from the Department of Finance and Administration expressed support for the proposed adjustments in the liquor excise tax revenues allocation without altering the overall percentage directed to the DWI fund or affecting the general fund. Specifically, DFA points out that the bill seeks to double the amount of liquor excise tax revenue the Local Government Division (LGD) can use to administer the DWI program from 2.6 percent to 5 percent. This adjustment is made because the DWI fund receives 45 percent of such tax revenues.

Despite the liquor excise tax revenue more than doubling from approximately $11 million in fiscal year 2003 to an estimated $22.8 million in fiscal year 2025, the cap on administrative expenses for the DWI program has not been updated since 2003. Currently limited to $600 thousand, this cap restricts the LGD's ability to fully staff the DWI program, hindering its capacity to meet increased oversight responsibilities and effectively implement necessary services and evaluations.

ADMINISTRATIVE IMPLICATIONS

According to the analysis from the Department of Finance and Administration:

> An increase to the total amount allowed to be expended for the administration of the DWI program will result in all FTE positions being funded and filled, thereby allowing all 33 county DWI programs to receive adequate support, including additional technical assistance, timely reimbursements, and improved evaluation processes.

SS/al/ne