

<b>LFC Requester:</b>	<b>Gray</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 2/24/2025 *Check all that apply:*  
**Bill Number:** HB460 Original  Correction   
 Amendment  Substitute

**Sponsor:** John Block **Agency Name and Code Number:** AOC 21800  
**Person Writing Analysis:** Kelly Bradford  
**Short Title:** Repealing the Liquor Excise Tax Act **Phone:** 505-690-0863 **Email:** [aockkb@nmcourts.gov](mailto:aockkb@nmcourts.gov)

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	(\$2,500.00)	(\$2,500.00)	Recurring	Drug Court Fund

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

Conflicts: House Bill 417, Senate Bill 431, and Senate Bill 199

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

House Bill 460 repeals the Liquor Excise Tax Act and the Local DWI Grant Program Act, and its distribution of LET from the Tax Administration Act.

#### **FISCAL IMPLICATIONS**

The liquor excise tax generates roughly \$50M a year in revenue. 50% of this revenue is placed in the general fund. 45% of liquor excise tax revenue is allocated to the Local DWI Grant Fund, and 5% is allocated to the Drug Court Fund for the AOC. Repealing the liquor excise tax would cause a loss of funding for treatment courts. Currently, treatment courts receive \$1.5M from the general fund and \$2.5M liquor excise tax revenue, for a total of \$4M. If HB460 were to pass, 62.5% of treatment court funding would be lost. New Mexico has 55 treatment courts in 28 of 33 counties. Elimination of this funding would at best cause a massive scaleback of treatment services, and at worst, the closing of roughly  $\frac{2}{3}$  of the treatment courts in the state.

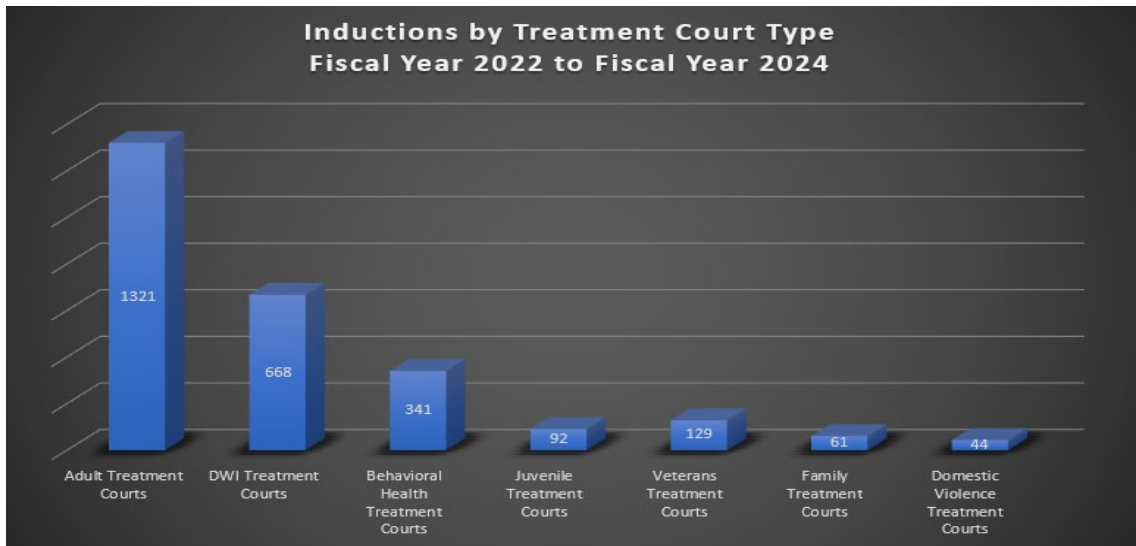
Additionally, \$22.5M currently allocated to the DWI Grant Fund would cease. The Local DWI Grant is administered by the Department of Finance Administration (DFA). This funding is vital for county DWI compliance programs; if HB460 passed, convicted DWI offenders (not referred to a treatment court) would no longer be supervised by county staff. Per New Mexico Statute 66-8-102, convicted DWI offenders have mandatory minimum sentences and the courts rely on DWI county compliance programs to monitor compliance. The mandatory minimums for first-time convicted DWI offenders are 24 hours of community service, attendance of a Mothers Against Drunk Driving (MADD) Victim Impact Panel, completion of DWI School, and they must complete a treatment assessment. If the assessment recommends treatment, it falls on the county compliance programs to monitor attendance. Offenders must also complete one year of supervised probation. The mandatory minimums for subsequent offenders increases the community service amount and adds mandatory minimum jail days, with up to 5 years of supervised probation.

#### **SIGNIFICANT ISSUES**

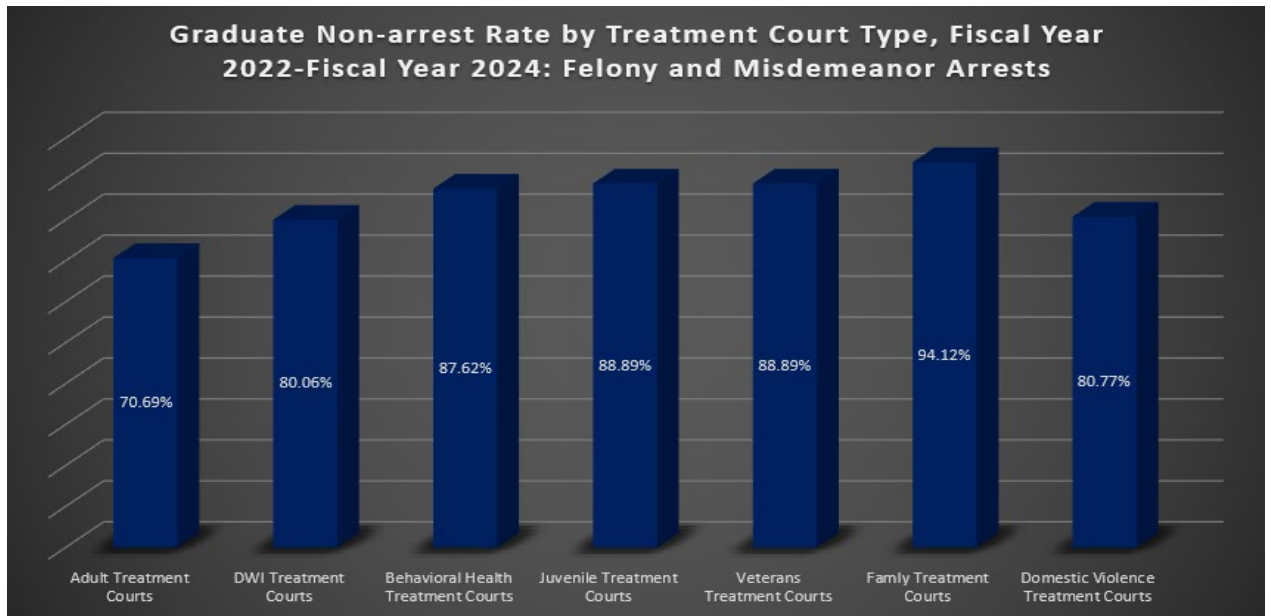
1. Treatment courts, including adult, juvenile, family violence, domestic violence, veteran, and mental health courts, play a crucial role in the well-being of New Mexico communities by reducing recidivism and enhancing public safety. These specialized court dockets serve individuals who have been arrested or convicted of a crime, those at risk of losing custody of their children, and those who are struggling with substance use or behavioral health disorders. By offering treatment as an alternative to incarceration, these programs integrate public health and public safety approaches, connecting justice-involved individuals with personalized, evidence-based treatment and recovery services to address the root causes of criminal behavior. Eliminating the Liquor Excise Act would eliminate the primary funding source for the Drug Court Fund which provides vital support for staffing, training, treatment provider funding, ancillary service contracts, and other resources across the state.

It would also impact the ability to implement new treatment court programs, negatively impact community safety and health, and potentially increase recidivism.

2. The bill makes no mention of where the agencies affected by its repealment would receive funding. This would cause a significant burden for the courts, counties and communities.
3. The courts would need to determine who would assume statutorily mandated compliance supervision of convicted DWI offenders. Treatment courts would lose roughly  $\frac{2}{3}$  of their funding, which currently treats over 900 participants across the state. Treatment courts couple substance use and behavioral health treatment with intensive community supervision. Treatment courts have been in operation in New Mexico since 1997. From fiscal year 2022 through 2024, treatment courts inducted 2,656 new participants.



Treatment courts are part of the public safety model that reduces crime and increases community wellness. According to the Bureau of Justice Assistance (BJA), the probation and parole 3-year recidivism rate is 50%, meaning half of probation and parolees are rearrested 50% of the time. 84% of treatment court graduates are not arrested on new charges within 3 years of graduation:



Elimination of the Liquor Excise Tax defunds a successful criminal justice initiative that has been operating in New Mexico for almost 30 years.

## PERFORMANCE IMPLICATIONS

1. Eliminating the Liquor Excise Tax would eliminate the primary funding source for the Drug Court Fund which provides vital support to treatment court programs (aka., drug court programs) for staffing, training, treatment provider funding, ancillary service contracts, and other resources across the state. It would also impact the ability to implement new treatment court programs, negatively impact community safety and health, and potentially increase recidivism.
2. Elimination of the Liquor Excise Tax would eliminate a monthly distribution of \$20,750 to municipalities located in a Class "A" county for the provision of alcohol treatment and rehabilitation services. Eliminating funding for these municipal services supported by these dollars may have a negative impact on individuals who rely on these services.
3. Elimination of the Liquor Excise Tax would eliminate funding for the Local DWI Grant in the amount of \$22.5M. This grant funds county compliance programs, if passed HB460 eradicates the means of supervision for convicted magistrate court offenders, primarily domestic violence and DWI offenders.

## ADMINISTRATIVE IMPLICATIONS

### CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

#### Conflicts:

1. SB 199 which seeks to increase the amount of funds the local government division of DFA has to make grants to municipalities and counties and to make DWI program distributions upon council approval.
2. HB 417 & the duplicate SB 431, both propose several amendments related to the liquor

excise tax and distribution of funds for awareness and recovery approaches to promote prevention or facilitate intervention, provide court-ordered supervision services, and reduce harms and risks associated with substance misuse.

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

**AMENDMENTS**