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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:** 2/28/25 *Check all that apply:*  
**Bill Number:** H460-341 Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Block **Agency Name and Code** DFA-341  
**Short Title:** REPEAL LIQUOR TAXES **Number:** \_\_\_\_\_  
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**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		
	(\$24,700)	(\$25,000)	R	GF
	(\$22,230)	(\$22,500)	R	Local DWI Grant Program
	(\$2,470)	(\$2,500)	R	Drug Courts
	(\$250.0)	(\$250.0)	R	Class A Muni

(Parenthesis ( ) indicate revenue decreases)

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

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

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: House Bill 460 (HB460) relates to taxation by:

- Repealing the liquor excise tax from the Tax Act in Section 7-1-2 (5) NMSA 1978 and renumbering the remainder of the Act.
- Eliminates reference to the liquor excise tax throughout Section 7-1-82 NMSA 1978 and in Section 60-6A-11.1 NMSA 1978.
- Repeals Sections of 7.1.6.40; 7-17-1 through 7.17.12 and 11-6A-1 through 11-6A-6 NMSA 1978.
- The bill effective date is July 1, 2025.

**FISCAL IMPLICATIONS**

- Estimating the fiscal impacts of HB 460 begins with the Consensus Revenue Estimating Group's estimate for the Liquor Excise Tax from December 2024.

Current Statute		45.0%	5.0%	\$ 250,000	50.0%
CREG December estimate	TRD Tax Collection	DWI Grant Fund	Drug Court	Muni Distribution	Current GF Distribution
FY24	\$ 48,531,675	\$ 21,839,254	\$ 2,426,583.77	\$ 250,000	\$ 24,015,838
FY25	\$ 48,800,000	\$ 21,960,000.0	\$ 2,440,000.0	\$ 250,000	\$ 24,400,000
FY26	\$ 49,400,000	\$ 22,230,000.0	\$ 2,470,000.0	\$ 250,000	\$ 24,700,000
FY27	\$ 50,000,000	\$ 22,500,000.0	\$ 2,500,000.0	\$ 250,000	\$ 25,000,000
FY28	\$ 50,600,000	\$ 22,770,000.0	\$ 2,530,000.0	\$ 250,000	\$ 25,300,000
FY29	\$ 51,000,000	\$ 22,950,000.0	\$ 2,550,000.0	\$ 250,000	\$ 25,500,000

- HB 460 would decrease general fund revenue by \$24.7 million in FY26 and \$25 million in FY27.
- Significant revenue for the general fund, the LDWI Grant Fund and the Drug Court fund will be lost if the liquor excise tax is repealed.

**SIGNIFICANT ISSUES**

- The repeal of the liquor excise tax (LET) will have major consequences at the local level. Currently, the LET supports the DWI programs in each of the 33 counties.
- These programs offer services to their constituents that range from alcohol related prevention, to outpatient, or jail-based substance abuse treatment services, to the alternative sentencing component that provides court compliance monitoring services in lieu of jail time for convicted DWI or other alcohol related offenders. Without the distribution of the LET these programs will no longer exist.

- The LET also supports the DWI Drug Court Programs that are funded through the Administrative Office of the Courts. Without the LET, the number of clients that the drug court programs can serve will be reduced throughout the court system.
- Without the LET to support these services thousands of New Mexicans will lose their access to court ordered treatment, and compliance monitoring services. Prevention services such as the evidence-based curriculum that are presented throughout the school system will no longer be available.

## **PERFORMANCE IMPLICATIONS**

## **ADMINISTRATIVE IMPLICATIONS**

- The Local DWI Grant Program is administered by the DWI Bureau in the Local Government Division of the Department of Finance and Administration.
- The repeal of the Act will effectively eliminate the Bureau along with each of the 33 county DWI Programs.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB460 conflicts with SB199; HB417; SB431; SB378

## **TECHNICAL ISSUES**

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

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

## **AMENDMENTS**