

LFC Requestor: GRAY, Brendon

**2025 LEGISLATIVE SESSION
AGENCY BILL ANALYSIS**

Section I: General

Chamber: House
Number: 460

Category: Bill
Type: Introduced

Date (of THIS analysis): 02/19/25
Sponsor(s): Rep. John Block
Short Title: Repeal Liquor Taxes

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Section II: Fiscal Impact

APPROPRIATION (dollars in thousands)

Appropriation Contained		Recurring or Nonrecurring	Fund Affected
FY 25	FY 26		
\$0	\$0	N/A	N/A

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY 25	FY 26	FY 27		
\$0	\$0	\$0	N/A	N/A

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY 25	FY 26	FY 27	3 Year Total Cost	Recurring or Non-recurring	Fund Affected
Total	\$0	\$0	\$0	\$0	N/A	N/A

Section III: Relationship to other legislation

Duplicates: None

Conflicts with: HB 417, SB431, SB372, SB 432

Companion to: None

Relates to: None

Duplicates/Relates to an Appropriation in the General Appropriation Act: No

Section IV: Narrative

1. BILL SUMMARY

a) Synopsis

HB 460 would repeal the liquor excise tax and eliminate the Local DWI Program.

Section 1: Removes references of the Liquor Excise Tax Act from and tax acts for which the Tax Administration Act applies to and governs.

Section 2: Removes references to the liquor excise tax from statutes regarding the transfer, assignment, sale, and lease of liquor licenses.

Section 3: Removes references to the liquor excise tax from statutes regarding direct wine shipments.

Section 4: Eliminates statutes related to the distribution of liquor excise fund, the Local LDWI program, and the liquor excise tax from the New Mexico Statutes Annotates, 1978.

Is this an amendment or substitution? Yes No

Is there an emergency clause? Yes No

b) Significant Issues

HB460 would result in the loss of state funding aimed at ameliorating excessive alcohol misuse and its consequences. The Local DWI Program is a major funding source for alcohol misuse prevention and treatment for counties in New Mexico.

HB460 passage would result in decreased alcohol costs, which could increase excessive alcohol consumption. Since 1997, New Mexico has had the highest rate of alcohol-related death in the United States (nmhealth.org/data/view/substance/2889/). In 2023, the age-adjusted rate of alcohol-related death in NM was 84.5 deaths per 100,000 population. Two times more New Mexicans died from alcohol in 2023 than from drug overdose from any substance. American Indians/Alaska Natives (AIAN) have a disproportionately high rate of alcohol-related death compared to the state overall, and other race/ethnicity groups in the state. In 2022, the rate of alcohol-related death for AIAN were 3.9 times higher than the state rate overall, despite making up only 11% of the overall state population.

Excessive alcohol use has a high societal cost. A 2010 CDC analysis calculated that excessive drinking costs NM over \$2 billion in 2010 (\$3 billion in 2023 dollars), and NM

had the highest societal cost per drink in the nation, at \$2.77 per drink (\$3.92 per drink after adjusting for inflation) (<https://www.cdc.gov/alcohol/features/excessive-drinking.html>). Societal cost is calculated based on estimated losses in workplace productivity, alcohol-related healthcare expenses, criminal justice/law enforcement costs, and alcohol-related motor vehicle crashes. The majority of the costs associated with excessive alcohol consumption are borne by those who do not drink alcohol.

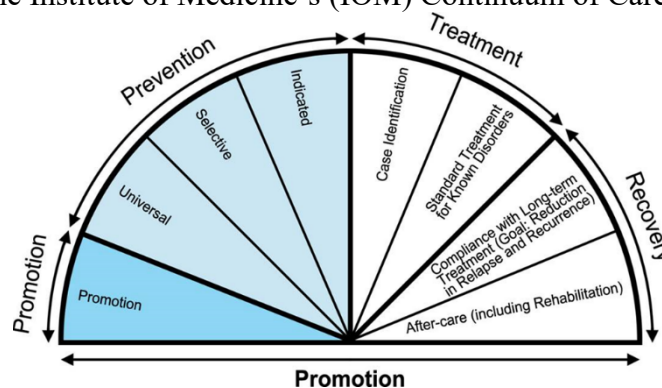
While alcohol-related death is often associated with alcohol-impaired driving, the alcohol-related death rate in NM is largely driven by chronic diseases. In 2023, more than half of the deaths from alcohol-related causes were due to chronic diseases.

In 2022, 16.7% of New Mexicans drank excessively. This is defined as binge drinking (4 or more drinks on an occasion for women, or 5 or more drinks on an occasion for men) or heavy drinking (eight or more drinks in a week for women or 15 or more drinks in a week for men.) (Behavioral Risk Factor Surveillance System, 2022). While New Mexico does not have the highest rate of excessive alcohol consumption in the US, a significant portion of the drinking population is drinking well above the stated range for binge and/or heavy drinking.

In 2022, 15.3% of New Mexicans reported binge drinking in the last 30 days. Binge drinking is defined as having 4 or more drinks on an occasion for women or 5 or more drinks on an occasion for men. Among the 48.4% of New Mexicans who had drunk alcohol the past month, 9.3% of drank in excess of eight standard drinks on one occasion.

Alleviating Alcohol-Related Harms

Alleviating alcohol-related harms requires a comprehensive infrastructure with capacity for providing general health promotion, prevention, treatment, and recovery services, as described in the Institute of Medicine’s (IOM) Continuum of Care, depicted below.



Reducing resources through the elimination of the LDWI program, as well as liquor excise tax contributions to the drug court program, would negatively impact the infrastructure for addressing alcohol misuse in New Mexico.

Evidence-based prevention is a key of a continuum of care infrastructure for reducing alcohol-related harms. A 2021 meta-analysis revealed that alcohol prevention programs conducted among adolescents reduced the amount of alcohol consumed among participants (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8392207/>). Another study found that brief intervention in adolescence reduced the odds of reporting any alcohol-related harms and reduced the frequency of alcohol-related harms seven years after the intervention

(<https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2798620#:~:text=Robus>

[t%20analyses%20showed%20that%20compared,the%207%2Dyear%20study%20period](#)).

Evidence-based prevention interventions for substance use have consistently been found to produce benefits whose value outweighs the costs of outcomes that are prevented ([Investing in Prevention Makes Good Financial Sense | National Institute on Drug Abuse \(NIDA\)](#)) Estimates of the return on investment for specific individual, family/relationship, and school/community interventions, for example, have been estimated from \$1.36 to \$63 for each dollar invested. ([The Return on Investment of Substance Use Prevention - Prevention Technology Transfer Center \(PTTC\) Network](#))

Raising the price of alcohol is an evidence-based strategy for reducing alcohol-related harm and there is growing evidence that increasing the price will lead to reduced excessive alcohol consumption. The CDC analysis of the societal cost of alcohol included lost productivity as part of their calculation. The article by Wada et al. (2017) found that a 5% additional tax on the sales price of alcohol would increase the net employment in New Mexico by 621 jobs (<https://www.sciencedirect.com/science/article/pii/S0091743517303006>).

Another economic analysis by Saffer et al. (2022) found that increasing the price of alcohol would decrease consumption among heavy drinkers, and affirms that increasing the price would also increase the price among those who buy the cheapest alcohol, but “the harm done to the low income group by tax hikes may be more than offset by the benefits of reductions in heavy drinking” (https://www.nber.org/system/files/working_papers/w30097/w30097.pdf).

A systematic review by Guidon et al. (2022) examined 30 articles on the impact of alcohol taxes and prices on consumption, assessing for quality. Among those 30 articles, there were 6 (20% of the studies included) that had evidence of alcohol industry involvement, and that industry-funded articles were more likely to report that increasing taxes on alcohol would not change consumption behavior, noting “There is ample evidence of an association between financial conflicts of interest, including commercial research sponsorship, with publication of research favorable [sic] to the sponsor.” Among the studies without apparent industry influence, the reviews concluded that higher taxes, and thus higher alcohol prices were associated with less heavy episodic drinking (binge drinking) and heavy drinking. Additionally, the non-industry influenced articles “provided no evidence that alcohol price responsiveness differed by socioeconomic status” (<https://pmc.ncbi.nlm.nih.gov/articles/PMC9796894/#abstract1>). Putting aside the issue of whether taxing alcohol will impact consumption, funding programmatic interventions aimed at prevention and recovery is a worthy as a stand-alone policy. The societal cost of alcohol morbidity and mortality could be somewhat remediated by ongoing investment in these services.

Maryland and Illinois have enacted legislation to increase the cost of alcohol. Maryland increased the sales tax rate on alcohol saw a reduction in alcohol-positive driving (<https://pmc.ncbi.nlm.nih.gov/articles/PMC5497300/>), a reduction in the number of sexually transmitted infections ([https://www.ajpmonline.org/article/S0749-3797\(15\)00627-3/fulltext](https://www.ajpmonline.org/article/S0749-3797(15)00627-3/fulltext)), and a reduction in alcohol consumption (<https://publichealth.jhu.edu/2016/maryland-2011-alcohol-sales-tax-reduced-alcohol-sales-study-suggests>). After a tax raise in Illinois, there was a statistically significant

decrease in fatal motor-vehicle crashes
(<https://pmc.ncbi.nlm.nih.gov/articles/PMC4529769/#ref-list1>).

Based on the research cited above, reducing the price of alcohol by eliminating taxes could lead to more excessive alcohol consumption and a decrease in net employment at the same time dedicated resources from the liquor excise tax used to address alcohol misuse are eliminated.

2. PERFORMANCE IMPLICATIONS

- Does this bill impact the current delivery of NMDOH services or operations?
 Yes No
- Is this proposal related to the NMDOH Strategic Plan? Yes No
 - Goal 1:** We expand equitable access to services for all New Mexicans
 - Goal 2:** We ensure safety in New Mexico healthcare environments
 - Goal 3:** We improve health status for all New Mexicans
 - Goal 4:** We support each other by promoting an environment of mutual respect, trust, open communication, and needed resources for staff to serve New Mexicans and to grow and reach their professional goals

3. FISCAL IMPLICATIONS

- If there is an appropriation, is it included in the Executive Budget Request?
 Yes No N/A
- If there is an appropriation, is it included in the LFC Budget Request?
 Yes No N/A
- Does this bill have a fiscal impact on NMDOH? Yes No

4. ADMINISTRATIVE IMPLICATIONS

Will this bill have an administrative impact on NMDOH? Yes No

5. DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

HB460 conflicts with HB417 which seeks to increase the amount of funding available for the prevention of alcohol-related harms, focusing funding available to counties for programs aimed at reducing alcohol-related harms, as opposed to DWIs, and creating a dedicated fund for alleviating alcohol-related harms in Tribal communities supported by net receipts from the alcohol excise tax. HB417 proposes to use distribute 94% of the alcohol excise tax net receipts to fund the Local Alcohol Harms Alleviation Fund and proposes to distribute 100% of the net receipts of a proposed alcohol excise surtax to fund the Tribal Alcohol Harms Alleviation Fund.

HB460 conflicts with SB431 which is a companion to HB417.

HB460 conflicts with Senate Bill378 which seeks to increase the excise tax on spirituous liquors to \$1.92, the excise tax on beer to \$0.49, the excise tax on wine to \$0.54, and the excise tax on fortified wine to \$1.80. It also increases the excise tax on cider to \$0.49.

HB460 conflicts with Senate Bill432 which proposes to create the Behavioral Health Grant Program and the Behavioral Health Grant Program Fund, supported by the net receipts from the liquor excise tax and cannabis excise tax.

6. TECHNICAL ISSUES

Are there technical issues with the bill? Yes No

7. LEGAL/REGULATORY ISSUES (OTHER SUBSTANTIVE ISSUES)

- Will administrative rules need to be updated or new rules written? Yes No
- Have there been changes in federal/state/local laws and regulations that make this legislation necessary (or unnecessary)? Yes No
- Does this bill conflict with federal grant requirements or associated regulations?
 Yes No
- Are there any legal problems or conflicts with existing laws, regulations, policies, or programs? Yes No

8. DISPARITIES ISSUES

In 2023, there were 1,896 alcohol-related deaths in New Mexico, down from 2,067 in 2022 and 2,274 in 2021.

Many counties in New Mexico have a rate of alcohol-related death that is significantly higher than the state rate. McKinley County has the highest rate of alcohol-related death in the state, with an age-adjusted rate 2.3 times higher than the state rate. Rio Arriba County has the second highest rate of alcohol-related death, with a rate that is 2.2 times higher than the state rate. The county with the third highest rate of alcohol-related death in New Mexico is Socorro County, with a rate that is 2 times higher than the state rate. Eliminating funding for the DWI Grant Program would also eliminate current programming that seeks to reduce incidence of impaired driving and related harms.

Native Americans in New Mexico tend to consume less alcohol than other racial and ethnic groups, however the age-adjusted rate of death among American Indians in 2022 was 3.9 times higher than the state rate overall, and 3.1 times higher than the age-adjusted rate of alcohol death among Hispanics. Hispanics have the second highest rate of alcohol-related death in the state. Eliminating funding for the DWI Grant Program would also eliminate current programming that helps address disparities in alcohol-related mortality in New Mexico.

Men also have higher rates of alcohol-related death compared to women. In 2023, the age-adjusted rate of alcohol-related death in men was 121.3 deaths per 100,000 population, while the rate for women was 48.5 deaths per 100,000 population.

Finally, in 2023, more than half of the alcohol-related deaths in the state were due to chronic conditions. The leading causes of alcohol-related chronic disease death in New Mexico include alcohol-related chronic liver disease, alcohol dependence, hypertension, and hemorrhagic stroke. In New Mexico, alcohol-associated liver disease was responsible for 17.8 deaths per 100,000 population in 2023. In NM that same year, the rate of death from chronic liver disease was 26.9 deaths per 100,000 population. Eliminating the alcohol excise tax may lead to increase in excessive drinking, which could lead to increases in alcohol-related mortality due to chronic conditions.

48% of New Mexicans who drink alcohol meet the definition of heavy drinking, and 36% of New Mexicans who drink alcohol meet the definition of binge drinking (5 or more drinks on occasion for men, and four or more drinks on occasion for women). Eliminating the alcohol excise tax may increase excessive drinking behaviors among all New Mexicans, but especially among those who already drink excessively.

9. HEALTH IMPACT(S)

N.M.'s alcohol crisis affects Native, Anglo, Hispanic people similarly

People who drink alcohol will be impacted by this bill due to the proposed elimination of tax on alcohol. The entire population of New Mexico stands to lose from an elimination in the alcohol excise tax which funds services intended to prevent impaired driving and alcohol associated harms. Alcohol-related harms (violence, property damage, indirect costs to the taxpayer) are borne by all New Mexicans, and reducing a possible barrier to excessive alcohol consumption, in the form of alcohol taxes could negatively impact all New Mexicans.

Those who drink excessively will be impacted by this bill. According to the Behavioral Risk Factor Surveillance System, a large portion of those who drink alcohol do so excessively (48% of New Mexicans who drink alcohol meet the definition of heavy drinking and 36% of New Mexicans who drink alcohol binge drink). Eliminating the alcohol excise tax may increase excessive drinking behaviors among all New Mexicans, but especially among those who already drink excessively.

10. ALTERNATIVES

None.

11. WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

If HB 460 is not enacted, the liquor excise tax will continue to be collected as it is now, and Local DWI Programs will continue to exist as they currently do.

12. AMENDMENTS

None.