

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(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: 2/13/2025

Bill Number: SB 431

Sponsor: Sedillo-Lopez, Pinto, Ferrary

Short Title: Liquor Tax Changes and Programs

Agency Name and Code Number: NM Indian Affairs Dept 60900

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Section II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	2,000	recurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
No fiscal impact	Undetermined equivalent to tax revenue earned plus any investment revenue earned on invested fund balance	Undetermined equivalent to tax revenue earned plus any investment revenue earned on invested fund balance	Recurring	Special Revenue

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	No fiscal impact	\$1,500 to \$5,000	\$1,500 to \$5,000	\$3,000 to \$10,000	Recurring	General Fund

(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: This bill makes comprehensive changes to the state's liquor taxation and alcohol harm prevention programs.

SB 431 establishes the “tribal alcohol harms alleviation fund” (fund); amends the membership of the Local Alcohol Harms Alleviation Program Council to include the Secretary of the Indian Affairs Department or their designee; and establishes the Tribal Alcohol Harms Alleviation Program Act (Act), which includes the creation of the Tribal Alcohol Harms Alleviation Program (Program) and Tribal Alcohol Harms Alleviation Council (Council) within the NM Indian Affairs Department (IAD).

The fund is a non-reverting fund in the state treasury and consists of distributions, appropriations, gifts, grants, donations, and income from investment of the fund. The fund will be administered by IAD and will be used to make grants pursuant to the Tribal Alcohol Harms Alleviation Program Act. The Act allows IAD to expend \$2 Million for costs to administer and make grants from the fund.

The Act also allows IAD to transfer \$3 Million from the fund to UNM’s Center on Alcohol, Substance Abuse and Addictions and its Behavioral Health Division which is housed within the Department of Psychiatry and Behavioral Sciences. The \$3 Million must be used to conduct interdisciplinary cross-campus research on alcohol policy and prevention efforts and community-engaged studies to assess the public health and economic impacts of the liquor excise tax and liquor excise surtax. Additionally, IAD and UNM are required to provide a report of the results and findings of the studies and research by December 1 of each year to the legislative finance committee and the revenue stabilization and tax policy committee.

The Act requires IAD to establish a Tribal Alcohol Harms Alleviation Council (Council). The Council will be made up of representatives from Indian nations, pueblos and tribes, and four representatives serving urban Indian populations and tribal behavioral health regions identified by IAD. The Council is responsible for reviewing applications and funding requests and to approving grants that will be made by IAD to Indian nations, tribes and pueblos and tribal-serving entities, including those entities that serve urban Indian populations. Once a grant is approved by the

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Council, IAD must promptly make the grants from the fund to the grant recipient.

Finally, SB 431 contains 2 appropriations for FY 2026 and subsequent fiscal years. The first is for \$2 Million to IAD from the local harms alleviation fund. The appropriation must be used to prepare for the administration of the Act. The second is for \$1 Million to the UNM Board of Regents which is to be divided equally between the Center on Alcohol, Substance Abuse and Addictions and the Division of Community Behavioral Health with the Department of Psychiatry and Behavioral Sciences.

FISCAL IMPLICATIONS

IAD will be allowed to expend \$2M from the balance of the fund to administer the fund, as well as \$3M to conduct research each year.

When the fund is ready to be distributed, IAD will administer the fund. The amount is unknown but will be equal to the net receipts attributable to the liquor excise tax.

SIGNIFICANT ISSUES

Under Section 19, the bill establishes a Council through IAD. IAD recommends that, rather than statutorily creating a council, the bill be amended to allow IAD to determine a mechanism to distribute funds.

IAD does not take a position on the substantive tax issues in the bill. Rather, IAD notes that it is able to administer funds to Nations, Pueblos, and Tribes should the legislation pass.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

IAD would need additional personnel to assist in administering the fund and to conduct the appropriate research.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

IAD does not know whether this tax applies to tribal retailers.

ALTERNATIVES

House Bill 417 “Liquor Tax Changes and Programs” appears to be a duplicate of this Senate bill.

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